BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

NOVEMBER 1953

The U.S. Treasury and the Banks

(page 42)

It Pays to Hire Tested Applicants

(page 50)

80 Percent of Savings Bonds Are Issued by Banks

(pages 3 and 42)

Today— protection must be FLEXIBLE

Rigid, unyielding protection—such as the suit of armor provided—is completely impractical in modern combat.

Actually, the best type of protection in _any_ situation should be flexible, fluid, quickly adaptable.

And that's the kind of protection a bank can be sure of when it makes a loan on inventory, field-warehoused by Douglas-Guardian.

The loan can be automatically increased or decreased, depending on the amount of merchandise available as security.

Almost any type of inventory—from toys to prefabricated houses—can be successfully field-warehoused.

And, in every case, the bank has two-fold security for the money it lends—the merchandise of the borrower plus our field warehouse receipts.

May we tell you more about the protection and flexibility of field warehouse loans?

DOUGLAS-GUARDIAN

WAREHOUSE CORPORATION

"THE BANKERS' FIELD WAREHOUSE COMPANY"

NEW ORLEANS 1, La., 118 North Front St.
NEW YORK 4, N.Y., 50 Broad St.
CHICAGO 2, Ill., 173 W. Madison St.
ATLANTA 3, Ga., Hurt Bldg.
CLEVELAND 23, Ohio, 398 E. 232 St.
DALLAS 1, Texas, Tower Petroleum Bldg.
SPRINGFIELD 3, Mass., 172 Chestnut St.
LOS ANGELES 14, Calif., Garfield Bldg.
MEMPHIS 3, Tenn., Porter Bldg.
PHILADELPHIA 2, Pa., Girard Trust Bldg.
PORTLAND 4, Ore., U.S. Nat'l Bank Bldg.
ROCHESTER 4, N.Y., Commerce Bldg.
SAN FRANCISCO 4, Calif., 300 Montgomery St.
SPRINGFIELD, Mo., McDaniels Bldg.
TAMPA 2, Fla., 416 Tampa St.
HARTFORD, Conn., 149 Woodland St.
MIAMI 44, Fla., 2450 S.W. 62nd Ave.
DETROIT, Mich., Penobscot Bldg.
MARION, Ind., P.O. Box 742
GRAND RAPIDS, Mich., 1368 Walsh St., S.E.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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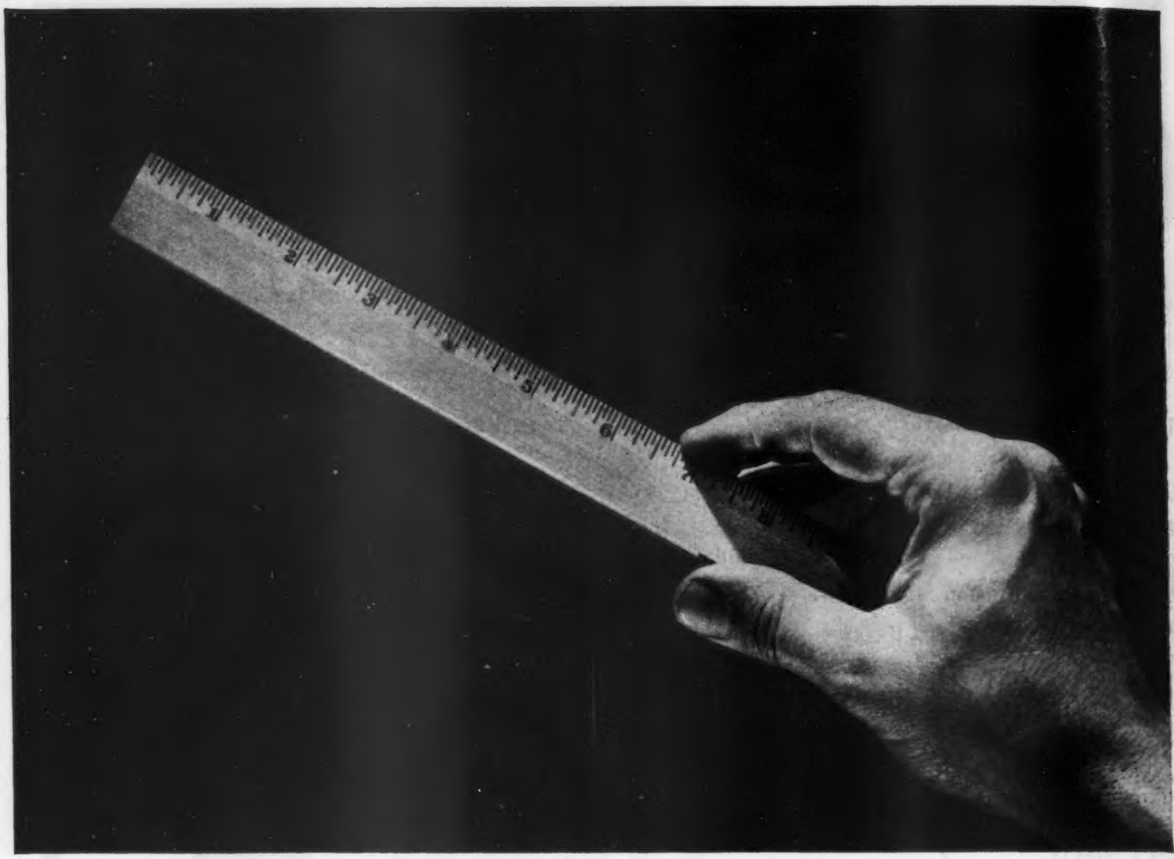
WASHINGTON CONVENTION

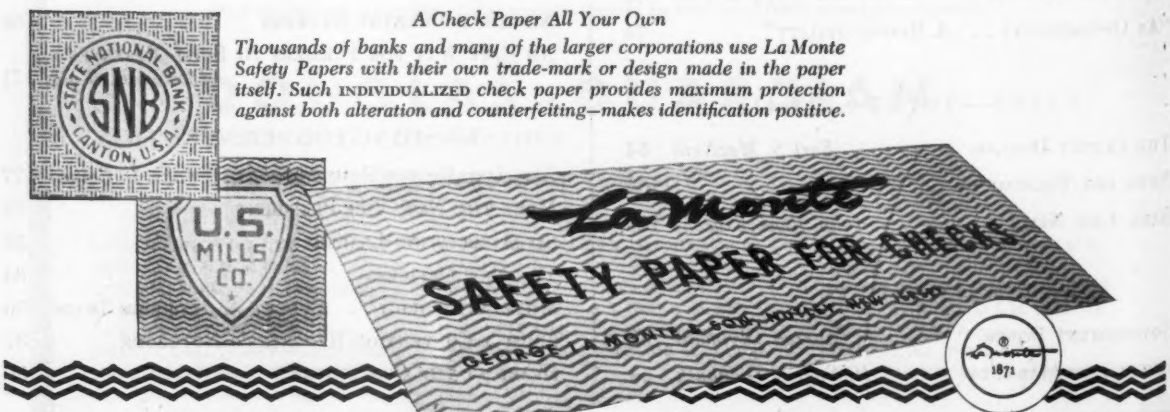


Immeasurable . . .

One bank asset that never shows up on a Statement of Condition is the value of good customer relations. These are immeasurable. They are composed of many seemingly small things which cannot be reduced to mathematical computation, such as providing customers with checks lithographed on La Monte Safety Papers. Thousands of bankers have found that the safety and appearance of these fine papers earn approval from even the most critical customer. Ask your lithographer for samples or write us direct.

A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED *check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.*



THE WAVY LINES ® ARE A LA MONTE TRADE-MARK

Just a Minute

The Convention

If you were in Washington, D. C., September 20-23, you know that the American Bankers Association had a notable 1953 convention. If you weren't there, perhaps you've heard that No. 79 was "one of the best ever." In either case, you may be interested in reading our report on it this month.

The convention was big—7,300 Mr. and Mrs. Bankers registered. It had several notable guests, including the President of the United States, and many distinguished speakers. Bankers heard much about sound money, and they were urged to tell that story in their communities.

The Association's new president, Everett D. Reese of Newark, Ohio, and the man he succeeded, W. Harold Brenton of Des Moines, emphasized the importance of bankers' providing financial leadership.

"We should support consistently," said Mr. Reese, "those in government who are trying to reduce expenses, cut taxes, eliminate bureaucracy, and foster a democratic form of government." And Mr. Brenton told the convention: "Bankers must become 'fiscal agents' for a sound economy in their home areas."

In this month's convention review (starting on page 77) are quotations from numerous talks that provide variations on the sound money theme. Also, you'll find pictures; biographical sketches of the new Association officers, including Vice-president Homer J. Livingston, president of The First National Bank of Chicago; the resolutions; and other highlights.

(Continued on page 152)

"A customer left him here while she ran over to the drug store."

BANKING
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

Customers of The First National Bank of Chicago at two of the bank's Savings Bond windows, where an important service is being rendered, as in banks throughout the country, not only to the customers but to the United States Treasury. From July 1, 1952, to June 30, 1953, The First National Bank of Chicago alone issued 104,593 Savings Bonds over the counter

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no sale at a profit!

"How much is my business worth? So thought the president of a men's and ladies' wallet manufacturing company.

The company faced the fact that losses had reduced net worth to the point where bank accommodations of $100,000.00 on inventory seemed unwarranted and yet, without these funds, the operation could not be conducted profitably. Sale of the company at a substantial book value reduction appeared to be the only way out.

A study by Walter E. Heller & Company disclosed the product to be good and salable, the management capable, and the losses of a non-recurring nature. It was determined that an inventory loan of $200,000.00, under supervision, was justified and WEH also agreed to extend further accommodation on accounts receivable.

Having no clean-up date to meet, and a continuing flow of funds, the company was able to increase its volume and soon "turned the corner." The prior year loss has already been recouped. Recently, the president turned down an offer to sell the operation at a substantial figure—in excess of book value!

Bank officers charged with responsibility for making loans are invited to learn the details of Heller Supplementary Financing. A booklet describing the nature of our services and the scope of our activities will be sent on request. Suggestions for dealing with specific problems will be given in confidence and without obligation. Please address:

BANKING SERVICE OFFICER

WALTER E. HELLER & COMPANY

Established 1919

15th FLOOR: 105 W. ADAMS STREET, CHICAGO 90, ILLINOIS
13th FLOOR: 10 E. 40th ST., NEW YORK, N. Y.

THE FINANCIAL SERVICES

rendered by Walter E. Heller & Company are not fully identified by simple tabulation because they are variously coordinated and applied to fit specific situations.

The following types of supplementary financing are flexibly administered according to experience gained from national operations which now represent a volume in excess of $500,000,000 annually.

BANK PARTICIPATION
ACCOUNTS RECEIVABLE FINANCING
INDUSTRIAL FACTORING
INSTALLMENT FINANCING
REDISCOUNTING
MACHINERY AND EQUIPMENT LOANS
INVENTORY LOANS

(CONTINUED FROM PAGE 3)

Uncle Sam's Fiscal Mechanism

THIS isn't a quiz show, but can you name—for a customer, say—half a dozen services banks perform for the Government, particularly the Treasury?

This month's article, "The U. S. Treasury and the Banks," by EDWARD F. BARTELT, Fiscal Assistant Secretary of the Treasury, covers the subject expertly. But it's no mere catalog of services. Rather, MR. BARTELT explains, piece by piece, the intricate mechanism of Government finance, made possible by the "close integration of the Treasury operations with the banking system of the country."

Commenting on the tax and loan accounts in the banks, he says:

"What many people overlook when they look at the aggregate balance in these accounts is the fact that the funds are extremely volatile, and, as a result of the uneven flow of Government receipts and expenditures, the balances fluctuate considerably."

The care and feeding of Uncle Sam's gigantic bank account by the commercial banks and the Federal Reserve System is the No. 1 service, of course; but MR. BARTELT reminds of several others: issuance and sale of Savings Bonds; providing information on large transactions (to help prevent and reduce tax evasion); distribution of announcements of Government security offerings and receipt of subscriptions; handling matured bonds for redemption or exchange; cooperation with the foreign funds control; etc. These are mostly performed without charge.

Correspondent Banking

THE second part of BANKING'S Correspondent Bank Service Survey report appears this month. It tells the story from the city banks' side of the table, just as the October article reported the country bankers' views.

The "big" banks answered several questions relating to the services they perform for their correspondents, and to the city institutions' relations with each other. The replies indicate that the country banks' balances, in general, compensate for the services they receive; that suggestions and advice are appreciated and followed, particularly in operating and investment problems; and that competition among city banks for country correspondent business is keen and, on the whole, fair.

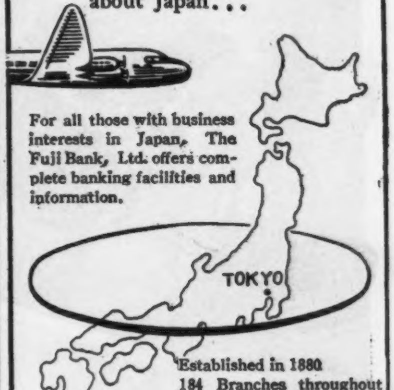
"Vigorously, Tenaciously, Explosively"

W. RANDOLPH BURGESS, Deputy to the Secretary of the Treasury, opened his A.B.A. convention talk, "The Shape of the Debt," with a reference to a famous Virginian who was a staunch friend of sound money.

"The Treasury," he said, "has a fine collection of portraits of former Secretaries, which are available to furnish its offices. When I moved

"Nineteen forty-seven has always been a little hazy in my memory . . . but come on in anyway."

Ask
The Fuji BANK, LTD.
about Japan . . .



For all those with business interests in Japan, The Fuji Bank, Ltd. offers complete banking facilities and information.

Established in 1880
184 Branches throughout Japan

The FUJI BANK, LTD.

CAPITAL ¥ 2,700,000,000.
Chairman of the Board of Directors SEIJI SAKO

HEAD OFFICE: Chiyoda-ku, Tokyo
LONDON BRANCH: Copthall chambers, Angel Court, London E.C. 2

BANKERS prefer
ThriftiCheck
BECAUSE
CUSTOMERS prefer
ThriftiCheck

OVER 52% of ThriftiCheck installations in 1953 represent *conversions* from existing special checking plans.

Plan now for an early installation of
ThriftiCheck
in *your* Bank

THRIFTICHECK SERVICE CORPORATION
Successor to
Bankers Development Corporation
100 PARK AVENUE • NEW YORK 17, N. Y.

Our stock was insured but our income wasn't

(Typical of what could happen in any business)

The auctioneer poised his gavel over one of the last remnants of our business. "I'm bid thirty dollars. Thirty . . . are you done at thirty? *All done?*"

One thing was certain. My partners and I *were* "all done." And so was the department store we'd worked so hard to establish.

Months before, when fire closed us down, things hadn't looked so grim. Our building and stock were adequately insured. But we didn't know then how disastrous the loss of income could be. We weren't insured against this blow.

Now we realize what a mistake that was! Business Interruption Insurance would have paid us our full anticipated profit and our continuing overhead expenses—a total of $188,000* during our shutdown. Not having this money available is what put us out of business!

**Actual amount paid on a store loss that was covered by Business Interruption.*

This is not an isolated case. Lack of Business Interruption Insurance has ruined many an enterprise.

Quite likely, some of your customers are taking needless risks right now. Would they be crippled by loss of income if fire, storm, explosion, riot or other insured hazard shut them down?

For your own benefit, you should know the answer! They may not realize that Business Interruption Insurance is an important safeguard against loss of *anticipated earnings*.

Your customers can get full details about this essential, low-cost protection simply by calling their Hartford Fire Insurance Company Agent or their insurance broker.

Year in and year out you'll do well with the

Hartford

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company • *Hartford 15, Connecticut*

"If they think I'm going to wait here to deposit these two bucks, they're crazy . . . I just thought of something to buy with them!"

into my historic office [in the Treasury Building], I asked for the portrait of Carter Glass of Virginia, and he hangs on the wall behind me, looking over my shoulder. If I can turn around and look him in the eye without quailing, I am satisfied.

"Carter Glass believed in sound money, vigorously, tenaciously, and, at times, explosively. The Federal Reserve System, which he fathered, is this country's best instrument for sound money."

MR. BURGESS concluded by recalling these words from George Washington's Farewell Address:

> As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible; avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear.

Bond Across the Border

ASSOCIATED PRESS dispatch from London, Ontario:

"A Savings Bond that disappeared from a Norris, Michigan, home when

(CONTINUED ON PAGE 11)

SPANS NATION WITH WORDS AND PICTURES. Bell System Radio-relay beams microwaves from tower to tower throughout the nation. This supplements wire and cable lines.

The Heart of a Widening Skyway of Communication

Extra-sensitive radio tube, designed by Bell Telephone Laboratories, helps send Long Distance calls and Television programs across country

THE #416 VACUUM TUBE
Incredibly small spaces between electrodes enable this Bell System tube to relay microwaves over long distances without appreciable distortion or deterioration.

When telephone scientists first conceived the idea of a vacuum tube like this, they wondered if human hands and machines could ever make anything so delicate. For inside the tube are wires so fine that sixty of them, twisted together, are only as thick as a human hair.

Chances are you'll never see one of these little tubes. But every day they do some big things for millions of people. They help make possible the microwave Radio-relay networks that carry Television programs as well as Long Distance calls throughout the nation.

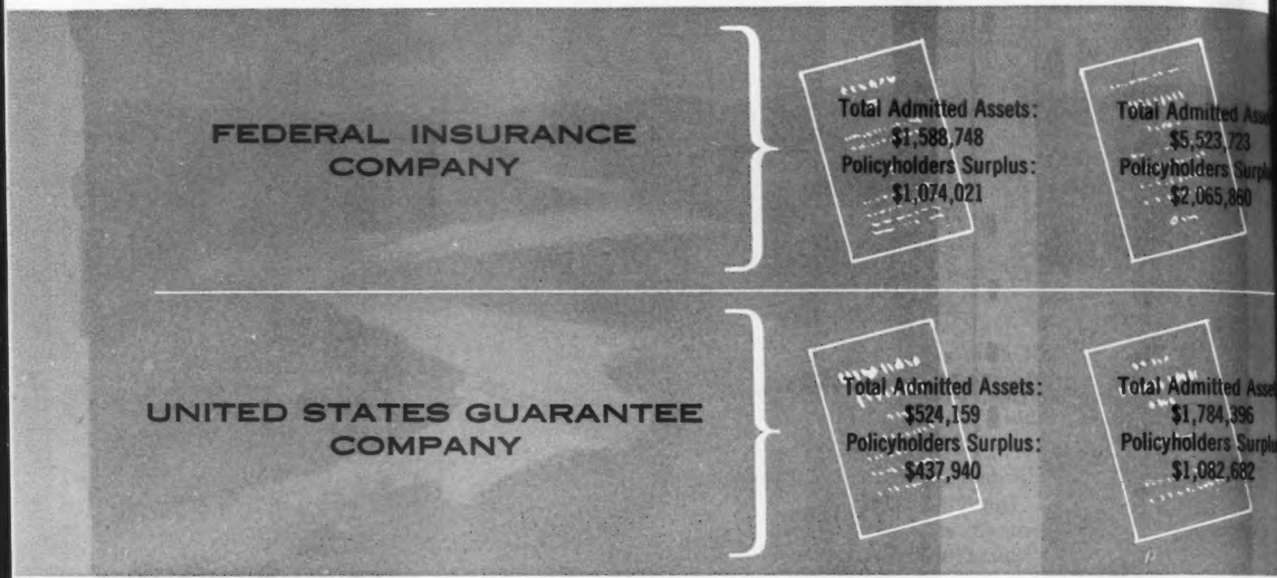
Underground, overhead, in the air—in research and in manufacturing—in transistors and in vacuum tubes—the Bell System uses every possible means to extend and improve your service.

BELL TELEPHONE SYSTEM LOCAL *to serve the community.* NATIONWIDE *to serve the nation.*

PORTRAIT OF

1901

1921



The Chubb program of progressive growth anticipates your business needs

On July 1, 1953, when the merger of the United States Guarantee Company into the Federal Insurance Company became effective, Chubb & Son passed another important milestone in its 70-year history of insurance company management operations.

This merger of the Federal, a fire and marine company, and the Guarantee, a casualty and bonding company, was designed to create a single company with a greater diversification and spread of risk, one of even greater financial strength and competitive power, and to gain the benefit of certain economies and increased efficiency.

As a result the Federal Insurance Company now has total admitted assets substantially in excess of $100,000,000 and a capital and surplus well in excess of $50,000,000.

Since 1921, the two companies have always worked in close accord. Chubb & Son who has managed both companies will continue to manage the Federal Insurance Company. Under this management the traditions of the United States Guarantee Company will be preserved and the combined company will move forward with the advantage of increased financial strength and multiple line underwriting powers.

PROGRESS...

1952

Total Admitted Assets:
$72,926,362
Policyholders Surplus:
$34,284,208

Total Admitted Assets:
$48,207,450
Policyholders Surplus:
$25,668,156

FEDERAL INSURANCE COMPANY

into which has been merged

UNITED STATES GUARANTEE COMPANY

July 1, 1953

Total Admitted Assets over $100,000,000
Policyholders Surplus in excess of $50,000,000

FEDERAL INSURANCE COMPANY

CEAN AND INLAND MARINE • FIRE • AUTOMOBILE

FIDELITY • SURETY • CASUALTY

Aviation Insurance through Associated Aviation Underwriters

CHUBB & SON

Managers

90 JOHN STREET, NEW YORK 38, N. Y.

TLANTA • CHICAGO • DALLAS • LOS ANGELES • MONTREAL • PITTSBURGH
SAN FRANCISCO • SEATTLE • TORONTO • WASHINGTON, D. C.

CHUBB & SON 1882

NOT JUST RICH PEOPLE. All People. Yesterday's poor people are today's rich people. Today's poor people are tomorrow's rich people. People's dreams are your business—you can help to make their dreams come true. You need people and people need you. Christmas Club brings people to your institution. Christmas Club is the full time business of Christmas Club A Corporation—not a side-line. There is a definite "Know How" to educating the people in thrift habits that lead to individual financial security.

"People are more important than money." Christmas Club, A Corporation builds savings—builds character and builds business for financial institutions.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS

(CONTINUED FROM PAGE 6)

a tornado swept that city June 7 has been found in an oatfield near here, 170 miles away.

"The bond was found by William Bierling, a farmer, who mailed it to its owner, Mrs. Lucile Parr. In a letter of thanks, Mrs. Parr told Bierling that the bond was one of 86 that disappeared when the tornado struck the city leaving 141 dead. Among the victims were her husband and two children."

Sesquicentennial

ABOUT the middle of September 1803, Philadelphians read in their newspapers this advertisement: "At a meeting of the Directors of the Philadelphia Bank [September 10], *Resolved*, That said institution will commence Discounting on Monday 19th instant."

Thus, on September 19, 1953, The Philadelphia National Bank reached birthday No. 150; and in observance of the anniversary it published a 263-page history that encompasses not only its own story, but many important financial events of the past century and a half.

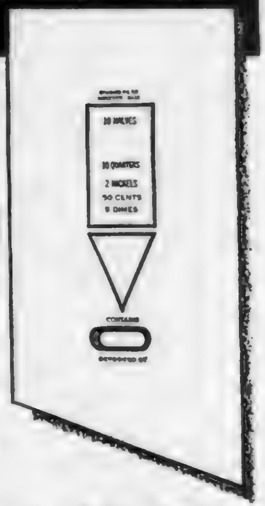
Written by NICHOLAS B. WAINRIGHT, a historian of the old city, *The Philadelphia National Bank* emphasizes, as FREDERIC A. POTTS, the institution's 11th president points out in his foreword, "the role of the bank in its Philadelphia setting in terms of social and historic values rather than in terms predominantly economic."

The Philadelphia was established, MR. WAINRIGHT says, "to serve people neglected by the three existing banks," the Bank of North America, Bank of the United States, and Bank of Pennsylvania. Short-term credit in 1803 cost, on the average, about 2 percent a month, "and many people had to find their money at that rate" because these institutions "could not, or would not, discount a large part of the good commercial paper which was now being presented in increasingly large amounts.

"These people included small dealers, shopkeepers, and those interested in small loans. But as time passed The Philadelphia National [it got a national charter in 1864] became a banker's bank. Its customers, for the most part, were manufacturers and wholesalers, and it may be said that the bank's great interest was in large business loans, rather than in personal or retail

"Cost of living, eh? Hillis, I'm surprised that a man of your intelligence is taken in by every newspaper rumor!"

STANDARD
Wherever money is wrapped!



Window
COIN
WRAPS
Precision Made
Clearer Printing
Stronger

A Complete Line of Money Wrappers

Cartridge Cointainers
Tubular Coin Wraps
Window Coin Wraps
Currency Straps
ABA Style Straps
Auto-wrap Bill Bands

Send for Free Samples

STANDARD PAPER GOODS MFG CO
WORCESTER • MASS

Special Introductory Offer of a
SIMPLE BANKERS
TIME & MATURITY CALCULATOR
(RECENTLY PATENTED)

No mental or other calculation necessary to determine the maturity date or the number of days of maturity on commercial loans. Saturdays, Sundays and holidays are plainly indicated.

This Slide-Rule Style Calculator with an insert good for the balance of the current calendar year is offered at a special price of $2.00 postpaid. The holder will serve for years to come. A new insert is necessary each calendar year.

Money refunded if calculator does not serve your purpose.

E. N. HEINZ
P. O. Box 427
Oak Park, Illinois

Please forward ____________ Time & Maturity Calculators with 1953 calendar year inserts at $2.00 postpaid.

BANK ____________

BY ____________

ADDRESS ____________

Workshop on the Wing

Philadelphia, the "Workshop of the World," is on the wing, heading for new horizons. The reason? Steel production has moved into the Delaware Valley.

Already the producer of the world's largest assortment of manufactured goods, there seems to be no limit on what it can produce now.

If you too have your eyes on far horizons, the bank for you in Philadelphia is Central-Penn. We have more than 120 years of experience in this area to work in your behalf.

CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Because we work around the clock...

YOUR CHECKS ARE COLLECTED FASTER

THE NATIONAL CITY BANK of Cleveland

1845 623 Euclid Ave.

Member Federal Deposit Insurance Corporation

loans . . . While the bank still looks on its large-scale commercial business as its principal field of endeavor, it has recently opened its doors to the public in a way which would startle many of its former presidents . . ." It has "revived its interest in those small borrowers and depositors who were so largely the concern of its founders . . .

"In a sense this may be viewed as a significant democratization of the functions of the bank, a move which is thoroughly in accord with the concepts of the present day."

George Clymer, a signer of the Declaration of Independence, was the bank's first president.

Shopping Center Problems

THE Bureau of Business Research of Ohio State University, Columbus, recently published a monograph, "Downtown Versus Suburban Shopping," by C. T. HONASSEN. It covered consumer attitudes and practices in the Columbus metropolitan area. Numerous conclusions were reached, among them these:

"Systematic analysis of factors associated with shopping satisfaction indicated than in Columbus the downtown shopping center had a decided advantage over the suburban shopping centers. The most important advantage for downtown was that it had a larger selection of goods. The second most important advantage was that people thought they could do several errands at one time, and the third, that prices were cheaper down town. The most important disadvantage was difficult parking; next in importance was the crowded conditions found there, and third, traffic congestion.

"For the suburban shopping center the most important advantage was that it was nearer home, the next most important was easy shopping, and the third was that people considered that suburban stores kept more convenient hours. The number one disadvantage found with the suburban shopping centers was their lack of a large selection of goods, the second that not all kinds of businesses were represented there, and the third that prices were too high."

Only about 9 percent of the people interviewed indicated that they would let parking and traffic difficulties deter them from downtown shopping. It was also found that distance or location was not a very important factor in determining downtown shopping satisfaction.

Financing a Frontier

FROM the Standard Bank of South Africa, Limited, comes a book that tells the story of the bank's expansion to Rhodesia and Nyasaland early in the 1890's. It was published to mark the Cecil Rhodes Centenary.

Sixty Years North of the Limpopo recounts many of the adventures the bank had in financing a frontier. Its decision to move north, in 1892, was taken at the urging of Rhodes himself. The first branch was established in a tent at Salisbury, Mashonaland, where life among the two or three hundred gold prospectors was "rough and ready." Other offices came later, in more remote settlements.

"Dream House! Ye Gods! What do you eat before going to bed?"

OUT OF NEW YORK goes a volume of shipping which makes *routing ocean freight* a problem. Ebasco has been engaged by a number of steamship lines to help solve this problem.

DOWN IN TEXAS, Ebasco was engaged to *design and build* the New Handley Steam Electric Station for Texas Electric Service Co. Located near Fort Worth, this modern plant provides economical electric power to a large part of the State.

HOW EBASCO TEAMWORK HELPS BUSINESS AND INDUSTRY SOLVE SPECIAL PROBLEMS

Throughout the United States and in other countries around the world, Ebasco specialists—engineers, constructors and business consultants—are serving many different companies in many different fields.

Some of the services Ebasco offers are used by business and industry to handle projects such as those shown on this page. In turning such problems over to Ebasco, companies of all sizes, long established firms, as well as new businesses, find they obtain the extra manpower they need without adding to their permanent staff.

Perhaps Ebasco teamwork can serve you. Our booklet, "The Inside Story of Outside Help," describes the services we offer business and industry. May we send you a copy? Write or phone Ebasco Services Incorporated, Dept. L, Two Rector Street, New York 6, N. Y.

EBASCO
ENGINEERS · CONSTRUCTORS · BUSINESS CONSULTANTS

NEW YORK • CHICAGO • WASHINGTON, D. C.

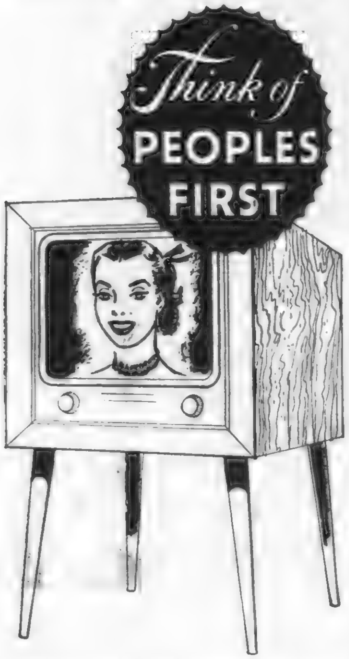
Appraisal · Budget · Business Studies · Consulting Engineering
Design & Construction · Financial · Industrial Relations
Inspection & Expediting · Insurance, Pensions and Safety
Purchasing · Rates & Pricing · Research · Sales & Public Relations · Space Planning · Systems & Methods · Tax · Traffic
Washington Office

TO CARACAS, Venezuela's beautiful capital, Ebasco specialists have gone to handle a *space planning program* for La Electricidad de Caracas. The program involved the planning and designing of a large office building and an ultra-modern service center.

UP IN CANADA, Ebasco specialists prepared an *industrial relations program* for the Canadian Comstock Company Limited. This is one of many such programs prepared by Ebasco for companies in the United States and abroad.

SUNNY CALIFORNIA lists aircraft manufacturing as one of its larger industries. One major company in this field used Ebasco consultants to help *reduce and control costs,* and to provide effective control and coordination of production schedules.

When you think of money at work



Television is still a young industry—but consumer finance is helping it to grow up rapidly. In 1952, at least 65% of all television sets sold were financed . . . as high as 98% with some dealers.

Last year, 56,465 people came to Peoples First National for Time Plan Loans so they could buy television sets and other appliances. This is indicative of the importance of Peoples First National in the Pittsburgh consumer credit field.

Peoples First National has acquired extensive experience in the home appliance field. This knowledge and our widespread contacts with manufacturers are frequently of value to Correspondents. If you're considering a Pittsburgh Correspondent, we will welcome the opportunity of presenting the facts about our comprehensive services.

PEOPLES FIRST NATIONAL
BANK & TRUST COMPANY
Correspondent Bank Department
P. O. Box 506, Pittsburgh 30, Pa.
Member Bank Wire

"Skunks Can Sell"

"SKUNKS Can Sell" is the title of a sales promotion idea article appearing in the October *Mellon Bank News*. The article tells about the "employment" of a couple of baby skunks by the Butler Office of the Mellon National Bank of Pittsburgh to sell its services.

Here is the sales technique followed, as outlined in the *News:*

"The skunks exercised their salesmanship in an exhibit prepared by the office for the Fourth Annual Farm Show in Butler County this past August. They were used as an added attraction to bring visitors into the Mellon Bank tent.

"At last report, the skunks were not claiming all the credit, but the fact is that over 28,000 people streamed through the Mellon Bank exhibit in its three-day run.

"The exhibit was part of the office's broad program of cooperation with the farmers of Butler County. The Office also conducts an annual scholarship program, awarding scholarships to outstanding farm youths for study in agriculture or homemaking.

"This year, as another unit in its farm-relations program, the Butler Office prepared a 3-D color slide film on the history of Butler County.

"Both of these projects—the farm scholarships and the 3-D film—were main features of the office's Farm Show exhibit, and serious feeling is that these attractions as well as the baby skunks brought in the record crowd.

"At the Farm Show, J. Chesney Stewart, assistant manager, made the formal presentations of the farm scholarships—four $125 awards for advanced short courses in agriculture or homemaking, and four $25 savings accounts to the second place winners.

"In a darkened-tent during the three-day show, the 3-D slide film was shown continuously, with a 'packed tent' every time. The total audience was 4,500.

[The film will now be shown throughout the county.]

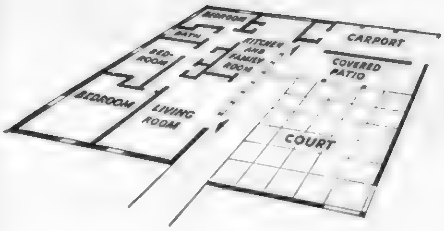
"Dean Copeland, vice-president and manager of the Butler Offices, summed up his farm relations program, 'All of these things — the scholarships, 3-D film, the Farm Show exhibit, and even our skunks—help make up a program which we hope demonstrates to the farmers here that Mellon Bank is sincerely interested in them.

"'We hope we are showing our faith in the future of farming here through our scholarships. We hope we are demonstrating our pride in this county through our film. And if we all get a good laugh together over our skunks . . . well, we hope that will help prove that bankers are not interested only in dollars and cents.'"

"I'm quitting, Mr. Tharp! Working here ith affecting my thpeech!"

Smart New Styling plus Lowest Cost Air Conditioning

. makes 1954 National Homes even finer investments



National homes have always led in smart designs and new features. But the 1954 Nationals, created by the world famous architect Charles M. Goodman, AIA, are years ahead in pace-setting style. And in value—with complete air conditioning as low as $500 additional. They have irresistible appeal to the home-seeker . . . as well as offering sound investment opportunities. A brochure showing these newest National homes in full color will be sent on request.

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Your Press Relations

On this page each month members of the working press talk over a practical question on bank press relations. Send us YOUR question. We'll submit it to an expert or two and you'll get the answer here. Your name and the bank's will be withheld if you so desire.

QUESTION

Our bank is handling a well-known trust which is nearing settlement. The newspapers are asking questions about the eventual outcome. We'd rather say nothing until it is finally settled. How can we react gracefully?

JOHN S. PIPER, financial editor, *San Francisco News.*

In your statement of this problem, you use the plural when you say "the *newspapers* are asking questions" about the eventual outcome of the trust your bank is handling. You don't wish to say anything about it until the trust is finally settled. You wish to know how you can react gracefully.

Because you are using the plural, I assume that all newspapers have approached you. From your standpoint, it's a tough one. You have several alternatives:

(1) Call a press conference, tell the reporters why you cannot give details now, and assure them that when the settlement is reached, they will be given a complete story.

(2) Call a press conference and tell the reporters all the details are off the record, with the understanding that they may be released when the settlement is reached.

Mr. Piper

(3) Tell each reporter individually who questions you about it why you can give him no information now and assure him that as soon as the settlement is reached you will give him complete details.

In this case, I recommend No. 3. No. 1 is not feasible, for there's no sense in calling a press conference to say that you have nothing to say. No. 2 might work and it might not. Some reporters make it a practice to refrain from attending off-the-record press conferences. Unless you told them in advance that the press conference was to be off the record, they might resent it when they came to the meeting and discovered this fact.

One very important point for your bank to consider is the attitude of the people in the bank who are working on this case and who know all the details. A senior officer should impress on each one the necessity of secrecy. If an employee talks and the story does leak, a newspaper reporter may eventually hear it. Don't blame him if his paper publishes a story to the effect that "it is understood the settlement in the .... trust will be" so and so.

If there is a real good reason why premature release of the story will harm your bank or injure beneficiaries of the trust, by all means tell the reporters that it will. And tell them why. A newspaper reporter, of course, wants to get his story, but he can usually be persuaded to be reasonable if by so doing he will be helping people.

But to return to the original problem: Unless there are good reasons why premature release of the story would injure you or the trust beneficiaries, why try to keep it out of the papers?

ROBERT W. KELLUM, business-financial editor, *Indianapolis Star.*

Let's be realistic. It's only fair to consider the point of view of the bank empowered with successful administration of the trust. This means, of course, that a number of factors are involved.

There is definite responsibility to persons who have a stake in the trust. Personal property settlements, however broad their extent, call for protection of these interests. I am sure that business editors recognize such a status. The bank has a duty to gain the best returns from any property disposals. Statements sometimes jeopardize prices in such prospective transactions. That's granted.

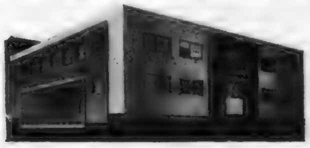
(Continued on page 20)

Mr. Kellum

when Texans talk about banks...

they've got something to talk about!

Texas today has some of the most modern and most efficient banking quarters in America. The phenomenal growth of this great state has become a national legend. Industrial, agricultural and population expansion has brought about an acute need for new facilities in service institutions. Midland National's handsome new quarters are an outstanding example of how progressive Texas bankers are "facing-up" to this need. Engineered to provide smooth daily routine, to step-up customer service and increase employee productivity . . . this modern bank is designed to offer better service at a greater profit for its stockholders.



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All photos show the Midland National Bank, Midland, Texas

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(CONTINUED FROM PAGE 18)

As an example, a bank may be entrusted with disposal of a large block of stock in a good, sound financial institution in a neighboring city. Too much speculation as to future ownership could cause undue withdrawals that would weaken the position of the stock. The bank administering the trust thus has a paramount obligation to make certain the situation does not get out of hand. What should its officers say when queried? Quite frankly, I agree they should not comment too much. In this case, the "graceful reaction" is all-important.

A newspaper has a responsibility to attempt to report the developments in the trust. It will ask about progress toward a settlement.

I would suggest that the bank officers in charge of the matter explain why they can not provide any details at the moment. At the same time, they could give assurances of a complete account for the newspaper just as soon as possible. (They should make good on the pledge.)

The banker may believe he is "placed in the middle" when he's faced with a reporter's request for an indication of eventual outcome of the trust.

This is not so. Here is, in reality, an excellent chance for expert public relations work. The question provides him with an opportunity to discuss some of the many intricacies of banking. If he reacts curtly, it's his own loss. If he makes even a general statement in which problems incident to trust management are brought out, he has scored a base hit that may pay off with a run at a later date—when he least expects to score.

An Opportunity

Harm done years ago by the abrupt statements of financiers caused handicaps to public understanding of big business of all kinds far beyound their real importance. It is only in recent years that the people have begun to realize the interlocking dependence of great financial structures and the whole range of industrial or commercial activity. The banker, as a representative of one of these segments, is doing a better job of explaining his work. Here, in this question, is another such opening for him to "react gracefully" and build more faith in the American system.

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IMPROVES EMPLOYEE EFFICIENCY!

Surveys show that customers prefer to transact business in cool, refreshing comfort. In addition, a clean, quiet, stimulating atmosphere increases customer goodwill. That's why Chrysler Airtemp Air Conditioning is so important to your future plans.

You'll find, too, that Air Conditioning increases the efficiency of your staff, as well as adding to institutional dignity. That's because employees are more alert and efficient when not distracted by annoying heat, humidity or street noises.

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- Outstanding quality . . . complete satisfaction . . . assured by the Chrysler Airtemp name.
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"Packaged" Air Conditioners
Six models from 2 to 15 H. P. capacity. Meet most cooling needs.

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Fits in window, cools, filters, circulates fresh outside air.

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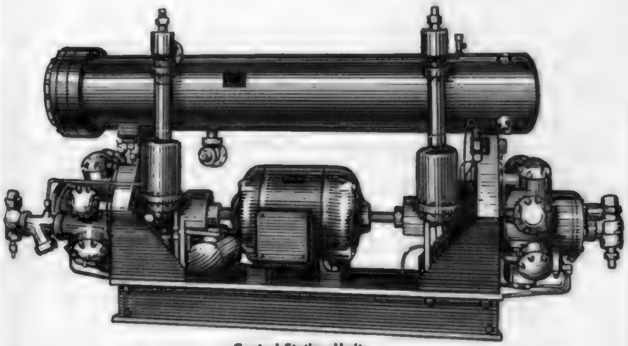
Airtemp Division, Chrysler Corporation, Dayton 1, Ohio



Central Station Unit
The efficient "heart" of larger air conditioning systems.

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This department is compiled by THEODORE FISCHER *of* BANKING'S *staff.*

Heard Along


W. S. Rushmore


Gordon V. Adams


Alfred V. Mayer


R. R. Kromnacker

San Francisco Bank Ups Its Top Men

HENRY VERDELIN, senior vice-president of The San Francisco Bank, has been named president. He succeeds PARKER S. MADDUX, president for 20 years, who becomes chairman of the board, a position vacant since the death of EMIL T. KRUSE in 1947.

MR. VERDELIN was associated with the Mutual Life Insurance Company of New York before joining The San Francisco Bank. Prior to that he was vice-president of the First National Bank of Minneapolis. He was national president of the American Institute of Banking in 1936-37.

MR. MADDUX has spent 40 years in banking, and had been president of the bank since 1933.

It was pretty hard to tell just whose deposit pushed the Buffalo Savings Bank's total deposits above the $300,000,000 mark, so President BRYANT GLENNY presented $25 checks and coin safe replicas of the bank's main office to three customers who made deposits at approximately the same time at each of the bank's three offices.

WALTER S. RUSHMORE has been named a manager of the Federal Reserve Bank of New York, succeeding WILLIAM F. ABRAHAMS, who retired after 35 years with the bank. MR. RUSHMORE has been with the bank since 1933.

GORDON V. ADAMS, special representative of the Bank of Montreal in Calgary, Alberta, has been named third agent at the bank's New York office. He succeeds G. ARNOLD HART, who has left for a two-month tour of the Far East with EDWARD R. ERNST, superintendent of the bank's foreign department.

At Manufacturers Bank and Trust Company, St. Louis, RAYMOND R. KROMNACKER has been promoted to vice-president with duties as loan officer. He's an alumnus of The Graduate School of Banking. ALFRED V. MAYER has been elected treasurer, succeeding the late E. A. ETTER.

Richmond, Virginia, has had its 5th Annual Tobacco Festival; and for the 5th year all the banks of the city joined in sponsoring a float bedecked with flowers and femininity. This year's float, *below.*

Steele in New Post

FORDE U. STEELE, assistant vice-president of Central National Bank of Cleveland, has been named head of the bank's newly created planning department. He will conduct and direct the planning of various phases of the bank's activities. MR. STEELE, who has written frequently for BANKING on matters of building and equipment, is an alumnus of The Graduate School of Banking and for many years has been active in Cleveland Chapter, A.I.B., which he has served as president and also as an instructor of banking courses.

ARTHUR H. DEWEY, who has represented National City Bank of New York in South America since 1917, has been appointed resident vice-president of the Lima (Peru) branch. He has been at Lima for the past 32 years.

A 6-story parking facility, strikingly similar to the modernistic FIRST NATIONAL BANK AND TRUST Co. of Tulsa, will be built for the bank just a block away. It will hold 350 cars, and engineers estimate that normal turnover will enable it to handle a thousand or more cars a day. All FIRST NATIONAL customers will be able to use the parking facilities by having their car checks stamped at the bank.

Main Street

From "The Banks of New York," by J. S. Gibbons, published in 1858, this picture is captioned: "Making the Exchange in Six Minutes, at the Clearing House"

Frank G. Price

Robert J. Avery

At La Salle National Bank, Chicago, FRANK G. PRICE has been named to head the corporate trust division; ROBERT J. AVERY will head the investment section of the bank's trust department. MR. PRICE had been with Manufacturers Trust Company in New York. MR. AVERY had been a member of the staff of the United States National Bank of Denver.

Taylor Back to Bank

HARTWELL F. TAYLOR is resigning as executive director of the Consumer Bankers Association to return on January 2 to The Bank of Virginia, Richmond. MR. TAYLOR was a vice-president of the bank when he took the position with the association. He returns as a vice-president in charge of the correspondent bank department of the Eighth and Main streets office in Richmond.

As executive director of the Consumer Bankers Association, MR. TAYLOR organized and served as director of the School of Consumer Banking at the University of Virginia, Charlottesville. He has been active in various committees of the Virginia Bankers Association and has served as president of the Richmond Safe Deposit Association. He was the American Institute of Banking's national president in 1949-50.

HELEN FEIL has resigned as assistant secretary in charge of personnel of The Dime Savings Bank of Brooklyn to become personnel director for the Book-of-the-Month Club, Inc.

N. Y. Clearing House Has 100th Birthday

ON October 5 the New York Clearing House Association became the 244th member of The Hundred Year Association of New York.

Fittingly, the 100th year of the New York Clearing House was the biggest in its history. G. Russell Clark, manager, submitted his annual report showing that clearings for the year totaled $466,164,142,674.41, or $11-billion more than last year. Average daily clearings for the year were $1,849,857,709.02. There are 18 member banks with 430 branches in the New York Clearing House Association, in addition to the Federal Reserve Bank of New York and five clearing nonmembers.

The 100th annual meeting of the Association was held on October 6. N. BAXTER JACKSON, chairman of the board of Chemical Bank & Trust Company, was elected president of the association, succeeding ALEXANDER C. NAGLE, president of the First National Bank.

J. STEWART BAKER, chairman of the board of the Bank of Manhattan Company, was elected chairman of the Clearing House Committee, succeeding WILLIAM L. KLEITZ, president of Guaranty Trust Company.

GEORGE CHAMPION, senior vice-president of Chase National Bank, was reelected secretary of the Association.

HORACE C. FLANIGAN, president of Manufacturers Trust Company, was reelected to the Clearing House Committee. Also elected to serve on the committee were: PERCY J. EBBOTT, president, Chase National Bank; WILLIAM S. GRAY, chairman

The New York Clearing House Committee on the Clearing House Association's 100th anniversary (for new committee see details on this page); *left to right:* Horace C. Flanigan, president, Manufacturers Trust Company; James G. Blaine, president, Marine Midland Trust Company; Alexander C. Nagle, president, First National Bank and president, Clearing House Association; William L. Kleitz, president, Guaranty Trust Company and chairman Clearing House Committee; John R. McWilliam, president, Corn Exchange Bank Trust Company; and J. Stewart Baker, chairman of the board, Bank of the Manhattan Company

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of the board, The Hanover Bank; and ADRIAN M. MASSIE, chairman of the board, New York Trust Company.

FRED F. FLORENCE, president of the Republic National Bank, Dallas, Texas, has been elected a trustee of the American Heritage Foundation.

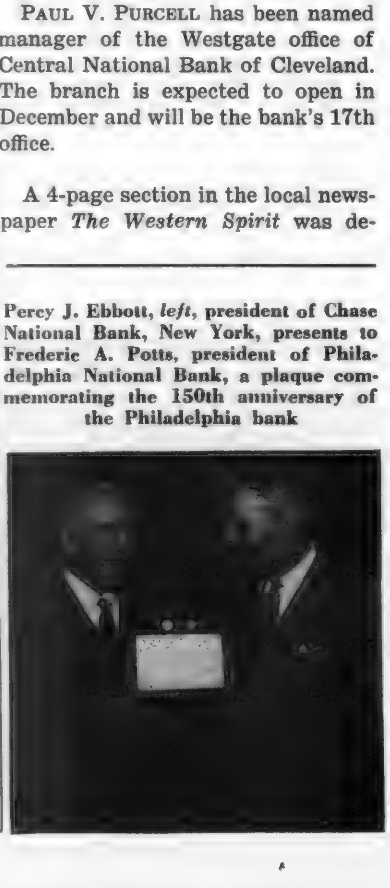
ALFRED E. ROWLEY was elected vice-president and treasurer of the Springfield (Massachusetts) Institution for Savings; HOMER R. FELTHAM was named vice-president and mortgage officer. MR. ROWLEY, who has been with the bank since 1922, is a graduate of the American Institute of Banking, is a former president of Springfield Chapter, A.I.B., and is an alumnus of The Graduate School of Banking. MR. FELTHAM, who came to the bank in 1939, has been identified with real estate activity in the city for many years.

First National Bank and Trust Co. of Kalamazoo, Michigan, has announced these promotions: C. HUBBARD KLEINSTUCK, executive chairman, a new office; MERRILL W. TAYLOR, vice-chairman and trust officer; MARK B. PUTNEY, president.

PAUL V. PURCELL has been named manager of the Westgate office of Central National Bank of Cleveland. The branch is expected to open in December and will be the bank's 17th office.

A 4-page section in the local newspaper *The Western Spirit* was devoted to the 50th anniversary of the CITIZENS STATE BANK, Paola, Kansas. The bank held an open house to celebrate the birthday.

Percy J. Ebbott, *left*, president of Chase National Bank, New York, presents to Frederic A. Potts, president of Philadelphia National Bank, a plaque commemorating the 150th anniversary of the Philadelphia bank



W. B. Cudahy

T. W. Johnson

WILLIAM B. CUDAHY was promoted to vice-president of American National Bank and Trust Company of Chicago.

Robert Morris Elects

T. W. JOHNSON, vice-president of Security-First National Bank of Los Angeles, has been elected president of Robert Morris Associates. EDWARD F. GEE, vice-president and secretary of State Planters Bank and Trust Company, Richmond, Virginia, was named first vice-president; second vice-president is JAMES THOMAS OVERBEY, senior vice-president of The First National Bank of Mobile, Alabama.

Four new directors elected to the board for three-year terms are: W. JOHN DAVIS, first vice-president, Federal Reserve Bank of Philadelphia; ALFRED J. MAYMAN, vice-president, Bank of California, N.A., San Francisco; GEORGE F. SAWYER, vice-president, The First National Bank of Boston; and DOUGLAS S. SEATOR, assistant vice-president, Harris Trust and Savings Bank, Chicago.

C. FREDERICK MUELLER, executive vice-president and director of the C. F. Mueller Company, macaroni manufacturers, has been elected to the board of the First National Bank of Jersey City, New Jersey.

AURIN E. PAYSON was elected president of the Chelsea Savings Bank of Norwich, Connecticut, succeeding GROSVENOR ELY, retired. ROMEYN N. HOLDRIDGE advanced to executive vice-president; CARL H. HOLDRIDGE, secretary and assistant treasurer, was elected to the board of directors.

ROBERT E. FAIRFAX has been named trust administrator at Union

R. B. Hellen

W. R. Bryant

Bank & Trust Co., of Los Angeles. He was recently with Harris Trust & Savings Bank, Chicago.

RONALD L. HELLEN, officer in charge of the Brooklyn Trust Office of Manufacturers Trust Co., New York, has been named a vice-president.

WILLIS R. BRYANT has been named a vice-president of American Trust Company, San Francisco. He is a past president of the Mortgage Bankers Association of Northern California and has been active in the Savings and Mortgage Division of the American Bankers Association.

G. Fred Berger

G. FRED BERGER, resident vice-president in Philadelphia of ThriftiCheck Service Corporation, died of a heart attack while attending the annual convention of the American Bankers Association in Washington.

MR. BERGER had been associated with banking for much of his career. He was treasurer of the Norristown-Penn Trust Company in Norristown, Pennsylvania, and later left banking to enter business in South America. Upon his return to the States he came back to banking as vice-president, treasurer, and secretary of the American Trust Company, New York City. He had become vice-president of ThriftiCheck only a few weeks before his death.

MR. BERGER had been active in the American Institute of Banking—he was a past president of Philadelphia Chapter, A.I.B.—and in the American Bankers Association. He had served on the A.B.A. Research Council, the Savings Development Committee of the Savings and Mortgage Division, and the faculty of The Graduate School of Banking.

THE GREATER NEW YORK SAVINGS BANK has just concluded a photography exhibit in the lobby of its

WE BREAK A BOTTLENECK

Machines create bottlenecks in a factory whenever they fail or whenever their capacity is overtaxed. In our business, the casting of type has for years constituted a potential bottleneck because of the unprecedented growth in the use of imprinted checks. If we had continued to set type manually for Personalized Checks, as we had to do not so many years ago, we now would be operating nearly three times as many machines as actually are in use.

Fortunately, about ten years ago we began to install "automatic teletypesetters" which, thru the medium of holes cut in a paper tape, actuate the keys on the typecasting machine at a speed nearly three times as fast as could be done manually by a good operator. These machines proved to be lifesavers, but they were too limited with respect to selection to cast the type needed for business checks. We decided, therefore, to attempt to enlarge the scope of the units.

Now, after three years of study and experimentation, we are happy to report that we have installed our first high-speed tape operated unit that will cast two styles of type in seven sizes, out of four separate magazines, thus enabling us to almost triple our machine output. This does not necessarily mean that our labor costs have been cut two-thirds, because other factors tend to increase contributory costs, but it does mean that we can push nearly three times as many lines thru a typecasting unit, thus providing a cushion that insures faster service in a department which otherwise might bottleneck our entire production.

To the best of our knowledge, this new unit is the only one of its kind in operation anywhere and our only problem now is to get more of them. We always have to buy six of everything to keep our facilities up to date, and sometimes we get impatient because our funds will not permit immediate capital expenditures in such large amounts, but as soon as we can we intend to equip all of our plants with this latest device.

DeLuxe CHECK PRINTERS

Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

main office in Brooklyn of vacation pictures taken by amateur photographers. The exhibit was sponsored cooperatively with the Bay Ridge Camera Club of South Brooklyn and a number of local photographic equipment stores.

WILMINGTON (Delaware) TRUST COMPANY recently displayed an oil painting by Brigadier General Norman M. Lack, trust officer of the bank. The painting is of the Army's new 60-ton tank. It was presented by General Lack to Robert T. Keller, vice-president of the Chrysler Corporation and manager of the tank plant at Newark, Delaware, in recognition of his achievements in the national defense effort.

Scholarship Honors Banker

VICTOR H. ROSSETTI, chairman of the board of The Farmers and Merchants National Bank of Los Angeles, has celebrated his 60th anniversary in the banking profession. In his honor, the 450 directors, officers, and employees of the bank have established the Victor H. Rossetti Scholarship Fund at Loyola University of Los Angeles. It will be used to finance Loyola business students and will be awarded on the basis of character, academic merit, and financial need. MR. ROSSETTI is chairman of the board of regents of the University.

THE UNION & NEW HAVEN TRUST COMPANY, New Haven, Connecticut, after occupying its present banking home since 1928 without increasing the size of its working quarters, now "has yielded to the demands of insistent growing pains," as the bank describes it, and started a major addition and remodeling project to increase its floor space by about 45 percent.

Banker-Bandsman

MANSFIELD M. GILLETTE, assistant secretary of the Waterbury (Connecticut) Savings Bank, is drum major of the oldest drum band in active continuous service.

For the past 12 years, he has led the Mattatuck Drum Band of Waterbury in historic and convention parades throughout the east. Founded in 1767, the band is the only musical organization which still uses 90 beats to a minute and a full stride in marches, based on notes written for the unit in 1830 by Samuel Wilcox, a British ex-soldier who taught the bandsmen for a few years.

MR. GILLETTE, like all the 35-odd Mattatuck musicians, wears a Colonial uniform.

"I guess I've always had it in my blood," MR. GILLETTE says when asked how he became interested in the band. He recalls that since his childhood he had first-hand association with the band which was trained by his uncle, Charles Miller, from 1888 until his death in 1943.

Banker Gillette in band uniform

Some of the other band members learned to drum and to fife from their fathers and grandfathers who were Mattatuck musicians.

MR. GILLETTE began working at the Waterbury Savings Bank nearly 30 years ago and he held a number of positions before becoming assistant secretary.

President Eisenhower looks on as Louis B. Toomer, *left*, Savannah, Georgia, Negro banker is sworn in as Register of the Treasury Department. The oath is administered by Elbert P. Tuttle, Treasury General Counsel

HARRIS & EWING

Three Banks Win

THREE Texas banks have won honors in the fourth annual company report competition of the Texas Manufacturers Association. FIRST NATIONAL BANK IN DALLAS received first place in the "more than 500 employees" classification for its 1952 annual report. REPUBLIC NATIONAL BANK of Dallas won second place in this division. FORT WORTH NATIONAL BANK was judged first place winner in the "500 employees or less" classification.

BICKERTON W. CARDWELL has advanced to vice-president and personnel director of the Atlanta office of The Citizens & Southern National Bank. WALTER A. HOBBS, JR., became a vice-president in the same office. At the Athens (Georgia) office, JOSEPH E. WICKLIFFE was promoted to vice-president.

L. W. CRAIG, vice-president of Security-First National Bank of Los Angeles, has retired and will devote his time to farming and cattle oper-

ations at "Craig's Cimarron Ranch," Lemoore, California.

ROBERT S. MACFARLANE, president of the Northern Pacific Railway Company, has been elected a director of First Bank Stock Corporation, Minneapolis.

Newly elected at the First National Bank of McComb, Mississippi, are: WM. NEVILLE, JR., chairman; W. T. DENMAN, vice-chairman; W. STENNIS JOHNSON, president; and LOUIS ALFORD, secretary. MR. JOHNSON succeeds as president DR. WM. NEVILLE, who died last summer.

MAHONING NATIONAL BANK, Youngstown, Ohio, has celebrated its 85th anniversary.

HUBERT L. HARRIS and J. HARRISON HOPKINS have been promoted to vice-presidencies at Citizens & Southern National Bank, Atlanta. HERMAN L. CAMPBELL and CELESTE F. SIGMAN were named assistant vice-presidents.

The BANK OF GEORGIA, Atlanta, recently held a one-day flower show in the lobby, and about 1,500 persons came to see it.

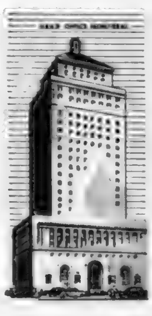
R. OTIS MCCLINTOCK, president of First National Bank and Trust Co., Tulsa, Oklahoma, was surprised on

This bronze bas-relief plaque of the late Robert Ellison Harding, chairman of the board of The Fort Worth National Bank, was presented to the bank by the 454 members of the staff. The bas-relief is the work of Charles Umlauf, Texas sculptor, and is 32" x 34" in size

"The Royal put us in touch with the right people"

Through more than 700 Canadian branches, the Royal Bank offers you direct and helpful access to whatever aspect of Canadian business may interest you or your customers. Address inquiries to our Business Development Dept., at the Bank's Head Office in Montreal.

Over 780 Branches in Canada, the West Indies, Central and South America, New York, London and Paris.



THE ROYAL BANK OF CANADA

Canada's Largest Bank

New York Agency—
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Total assets exceed $2,675,000,000

Let us show you—without cost—

HOW TO REDUCE THE HAZARDS THAT INVITE DISHONESTY!

Our survey of your bank will help you plan an effective loss prevention program

When was your bank last surveyed? The program you planned then may be out of date for today! With seventy years' experience in helping banks with their loss prevention plans, American Surety Company can make a survey of your bank without cost or obligation—and recommend a program to fit your *present* needs.

Surveys Pay Dividends!

Since 1936 Bankers Blanket Bond rates have been reduced up to 80%—proof of the effectiveness of these surveys—the starting point for *any* loss prevention program!

Act Now and Benefit from this valuable service! Our agent will quickly arrange for one of our bank protection specialists to make the survey. Call him now—or fill in the coupon below!

Fill in—Mail Today!

American Surety Company
Agency & Production Department
100 Broadway, New York 5, N. Y. **(D)**

Gentlemen:

Without cost or obligation please arrange for a survey of our dishonesty hazards. Please have your nearest agent call us for an appointment.

*Name*____________________

*Title*____________________

*Bank*____________________

*Address*____________________

*City*__________ *State*__________

L. H. Martin

Miss Champoux

his 25th anniversary in that position to discover a full-page "Happy Birthday" ad in the Tulsa *World* and Tulsa *Tribune*. The ad carried the signatures of each of the 423 employees of the bank.

LAWRENCE H. MARTIN, vice-president and chief loaning officer of the National Shawmut Bank, Boston, has been elected first vice-president. Right now he's in Europe with WILLIAM J. HARTNEY, vice-president in charge of the bank's foreign department, to study economic conditions in the NATO countries.

MISS R. ALOISE CHAMPOUX has been named assistant trust officer of The Hackley Union National Bank, Muskegon, Michigan. She is the state's third woman trust officer.

HARRY E. PETERSEN, JR., vice-president and advertising director of Citizens National Trust & Savings Bank of Los Angeles, was elected president of the Southern California Bank Advertisers Association. GEORGE W. SEARS, vice-president, First National Trust & Savings Bank of San Diego, was elected vice-president; LUTHER MILLER, JR., vice-president, Hollywood State Bank, was named secretary-treasurer.

LINCOLN SAVINGS BANK, Brooklyn, for the seventh time has handed over the facilities of one of its offices for the blood donor program. Some 300 pints of blood were received in this latest effort. As in previous drives, there was plenty of promotion. A lady stiltwalker attracted attention to the blood donor day. A U. S. Army truck and loudspeaker and a "40 and 8" locomotive toured the area to sign up donors.

As a part of its 50th anniversary celebration, the NATIONAL BANK OF COMMERCE of San Antonio, Texas, staged a dinner dance for its staff of more than 300.

(CONTINUED ON PAGE 30)

NATIONAL BANK OF DETROIT

COMPLETE BANKING AND TRUST SERVICE

The following Statement does not reflect the increase of 684,000 shares in the Common Stock of the Bank authorized by the shareholders on September 24, 1953, of which 313,200 shares are to be issued and sold by October 20, 1953, with a resulting addition of approximately $14,000,000 to Capital Funds; the remaining 370,800 shares are to be distributed as a stock dividend to shareholders of record October 22, 1953.

STATEMENT OF CONDITION SEPTEMBER 30, 1953

RESOURCES

Cash on Hand and Due from Other Banks		$ 400,051,108.55
Federal Reserve Funds Loaned		19,000,000.00
United States Government Securities		769,906,240.11
Other Securities		141,762,861.93
Loans:		
Loans and Discounts	$ 367,120,799.95	
Real Estate Mortgages	76,732,414.95	443,853,214.90
Accrued Income and Other Resources		7,080,618.28
Branch Buildings and Leasehold Improvements		4,872,101.49
Customers' Liability on Acceptances and Letters of Credit		1,536,445.28
		$1,788,062,590.54

LIABILITIES

Deposits:		
Commercial, Bank and Savings	$1,486,653,097.28	
United States Government	160,581,226.19	
Other Public Funds	48,099,772.52	$1,695,334,095.99
Accrued Expenses and Other Liabilities		12,556,695.72
Dividend Payable November 2, 1953		783,000.00
Acceptances and Letters of Credit		1,536,445.28
Capital Funds:		
Common Stock ($10.00 par value)	$ 15,660,000.00	
Surplus	45,000,000.00	
Undivided Profits	17,192,353.55	77,852,353.55
		$1,788,062,590.54

United States Government Securities carried at $208,926,151.43 in the foregoing statement are pledged to secure public deposits, including deposits of $20,234,773.39 of the Treasurer—State of Michigan, and for other purposes required by law.

BOARD OF DIRECTORS

HOWARD C. BALDWIN
HENRY T. BODMAN
ROBERT J. BOWMAN
PRENTISS M. BROWN
HARLOW H. CURTICE
CHARLES T. FISHER
CHARLES T. FISHER, JR.
JOHN B. FORD
B. E. HUTCHINSON
BEN R. MARSH
JOHN N. McLUCAS
W. DEAN ROBINSON
NATE S. SHAPERO
R. PERRY SHORTS
GEORGE A. STAPLES
DONALD F. VALLEY
JAMES B. WEBBER, JR.
R. R. WILLIAMS
BEN E. YOUNG

44 OFFICES IN METROPOLITAN DETROIT

Garden City • Harper Woods • Inkster • Livonia • Plymouth • Wayne

MAIN OFFICE—WOODWARD AT CADILLAC SQUARE—DETROIT 32, MICHIGAN

Member Federal Deposit Insurance Corporation

MAIN STREET (Continued)

Banker-author A. R. HORR, longtime vice-president and member of the executive committee of The Cleveland Trust Company, has resigned. He is convalescing from an illness and will spend much of his time at his Florida orange grove. MR. HORR began writing for the Cornell University *Widow* in his college days. He has written both novels and banking subjects.

Over 175 employees of the AMERICAN NATIONAL BANK AND TRUST COMPANY of Chicago attended the bank's annual men's outing at the Nordic Hills County Club. Richard Durkes, of the bank's investment division, won first place in the golf tournament for the third year in a row; score—74.

Chamber of Commerce Names Finance Group

THE Chamber of Commerce of the United States has announced the appointment of 29 members of its 1953-54 finance department committee. Chairman is WILLIAM A. MCDONNELL, president of the First National Bank in St. Louis, and a director of the Chamber.

The committee is concerned with all questions of legislation and administrative action affecting the credit structure of the country and the services of public and private agencies of finance. It is to analyze proposals to modify banking laws to determine whether such proposals "promote the public interest and support the essential principles of the Federal Reserve System and the dual plan of national- and state-chartered banking."

Twenty well-known bankers are members of the committee. Members in addition to Chairman MCDONNELL, are:

*Orval W. Adams, Salt Lake City; *Clarke Bassett, Fargo, North Dakota; George L. Bliss, New York City; *W. C. Bowman, Montgomery, Alabama; *Harry C. Carr, Philadelphia; Paul Clovis, Chicago; *Sidney B. Congdon, Cleveland; M. C. Courts, Atlanta; Edward K. Dunn, Baltimore; *Elmer I. Eshleman, Frederick, Maryland; *Marshall B. Hall, Atlanta; Dr. Clarence Heer, Chapel Hill, North Carolina; *Arthur W. McCain, Memphis; *James W. McElroy, Baltimore; *Gordon Murray, Minneapolis; *W. G. Nelson, Hastings, Nebraska; *Reno Odlin, Tacoma, Washington; C. A. Packard, Harrison, New Jersey.

Also *Holman D. Pettibone, Chicago; Harlan I. Peyton, Spokane, Washington; *DeWitt Ray, Dallas; *William S. Renchard, New York City; *J. F. Sullivan, Jr.; San Francisco; John R. Suman, New York City; *Corcoran Thom, Jr.; Washington, D. C.; *Albert N. Williams, Sr., Denver; Gen. L. Kemper Williams, New Orleans; *Evans Woollen, Jr., Indianapolis.

* Bank officer

A J-47 engine, the kind that powered the F-86 Sabrejet fighters in Korea, was displayed in the lobby of The Pennsylvania Company for Banking and Trusts, Philadelphia. Shown at the opening of the exhibit are, *left to right:* Airman 3/c Richard Venditto; Col. Douglas L. Rundquist, Air Regional Representative of Philadelphia, and his deputy, Lt. Col. Howard E. Norris; William L. Day, president of the bank; Tech. Sgt. John Danko; and E. F. Gillespie, vice-president, Jacobs Aircraft Engine Co.

Walter S. Bucklin, *center,* board chairman of National Shawmut Bank of Boston, welcomes President Walter E. Borden and Vice-President A. W. Hill into the bank's 25-Year Club

The proposed merger of the People's National Bank & Trust Co., White Plains, New York, and the New Rochelle Trust Co., has been approved by the boards of both banks. The name of the merged institution will be the WESTCHESTER BANK & TRUST CO., White Plains. It is hoped to have the merger completed by November 2.

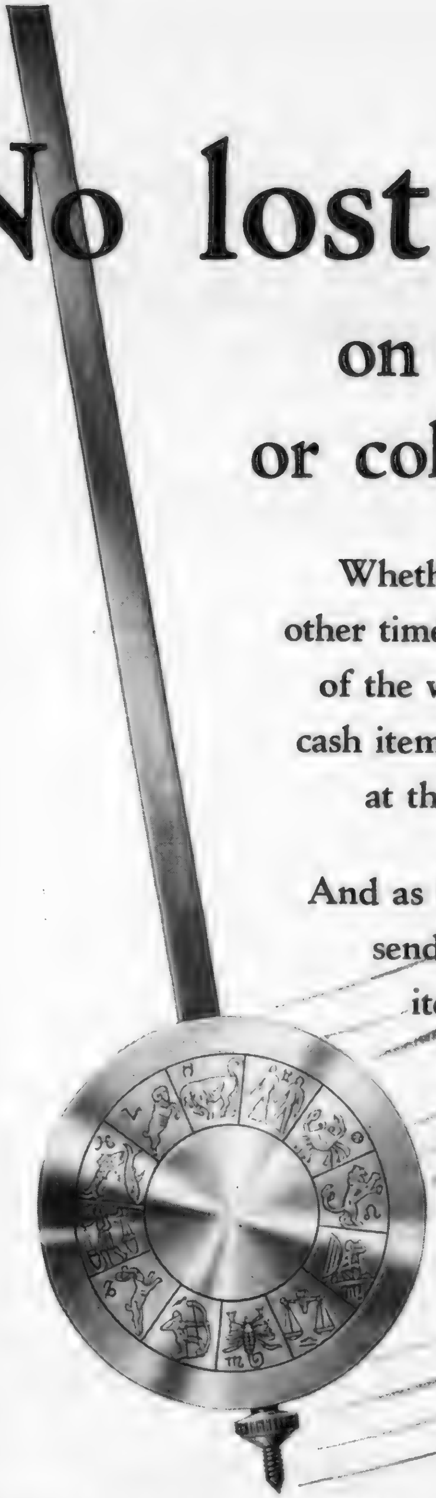
The thesis written by RUTH F. IRISH, assistant secretary of the Union Dime Savings Bank, New York, has been accepted for the library of the School of Financial Public Relations at Northwestern University in Chicago. Her topic: "What One Savings Bank Is Doing to Create a Community Feeling in a Commercial Area of a Large City." A member of this year's graduating class of the school, MISS IRISH is a former president of the Savings Bank Women of New York and is an alumnae trustee of Cornell University.

FREEMAN STRICKLAND and FRANK T. DAVIS have been promoted to senior vice-presidents of the First National Bank of Atlanta.

NATIONAL BANK AND TRUST COMPANY of Charlottesville, Va., recently presented a $50 Savings Bond to the person who made the one millionth call to its time-of-day service.

FIRST NATIONAL BANK OF JERSEY CITY, New Jersey, has opened drive-in facilities at its Old Bergen office. This is the first drive-in bank in the city.

(CONTINUED ON PAGE 152)



No lost motion

on your cash or collection items

Whether it's noon or nine—or any other time by your clock or ours, any day of the week—you can know that your cash items are getting first-class attention at the Continental Illinois Bank.

And as for collection items: You simply send them to us with your cash items—and we do the rest. That's all there's to it.

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and Trust Company of Chicago

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CAPITAL CHANGES REPORTS

For Federal Income Tax Purposes

For Every One Concerned with Federal Income Tax Problems of Investors . . . .

When capital changes affect income from an investment portfolio — how can the Tax Man get the facts and information needed for correctly computing gain and loss for federal income tax purposes?

For more than two decades top tax specialists have turned to the authoritative pages of SINCLAIR-MURRAY CAPITAL CHANGES REPORTS for this kind of data. In its three encyclopedic loose leaf Volumes the complete capital changes histories of over 12,000 corporations are set forth and kept continually up to date through fast, regular loose leaf "Reports."

Included in its comprehensive coverage of this field are full details on the federal tax aspects of stock rights, stock dividends, liquidating distributions, exchanges in reorganizations, dividends on preferred stock redemptions, nontaxable and capital-gains cash dividends, interest on bonds "traded flat," amortizable premium on convertible bonds, and the like.

Then, too, there is everything needed in handling the federal tax problems peculiar to taking deductions on worthless securities, war casualty losses and recoveries, and the dividends received credit for corporate holders of certain public utilities stocks.

Not a statistical service, not a financial advisory service — these fill their own place in reporting financial events. SINCLAIR-MURRAY CAPITAL CHANGES REPORTS is concerned not with reporting financial events as such, but is exclusively concerned with reporting instead how certain financial events affect the tax picture of the security holder.

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Here Are Typical Corporations Whose Securities Are Covered in the "Reports"

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BANKING

NOVEMBER 1953

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

The OUTLOOK

and CONDITION OF BUSINESS

EVIDENTLY in full accord with the Treasury, the aim of Federal Reserve officials and others in authority is to assure ample credit for business but not for speculation in securities, real estate, and consumer goods.

Business feels no discomfort that a little exercise of the sales muscles won't cure, although apprehension about overproduction of many consumer lines still exists.

A more serious cause for apprehension, perhaps, is the overproduction of public information, especially the kind that is not so.

An impressive effort is under way to inform the public on basic economics and the purposes of national policy. Everybody is trying to get into the act, until it is hard to tell the actors from the audience. Careful surveys, however, show that much of the information being disseminated by various channels regarding credit policies and the part banks play is based on false assumptions and reaches wrong conclusions.

This is one reason for the bewildering variety of business forecasts now current, ranging all the way from boom to depression. Every businessman who makes decisions is a forecaster perforce. Lately even professional seers have shown signs of frustration and have been heard darkly forecasting the end of forecasting because business pays no attention and, besides, everything depends on the unpredictable Russians.

Still there are some things that depend on us. Profoundly obvious is the fact that our business outlook depends on how well the Government succeeds in its two main endeavors, to safeguard peace and the dollar.

Its success, however, depends on public understanding and confidence in what the Government is doing. Wide misunderstanding could wreck the best of programs for a sound peace and a sound dollar.

These days everything is painted on a big canvas. National solvency has come to be identical with national security and a continuation of good business depends largely on how Mr. and Mrs. Doe feel about national and world conditions.

So, the thing is to tell the public more, but tell them what? We can be bombed and we can't be bombed.

(CONTINUED ON PAGE 160)

Dependability in Financial Statements

RUSSELL G. RANKIN, C.P.A., LL.M., is the author of What's Behind a Financial Statement, *a book written principally for and widely read by loan officers and credit analysts. He is also the author of* Safeguarding the Bank's Assets, *which was written for the New York State Bankers Association.*

MR. RANKIN is chairman of the Council on Accountancy of the State of New York and is the senior partner of R. G. Rankin & Co., certified public accountants of New York City. He has had more than 20 years' experience as the representative of directors' examining committees reviewing loans and other bank credits in the annual directors' examinations of large banks and trust companies.

BEFORE financial statements of business concerns issued by independent accountants became so popular in the business world, corporations, partnerships, or an individual operating a business seeking bank loans submitted figures on the bank's own form for financial statements, or they submitted financial statements prepared by someone directly associated with the business enterprise. In either case, an officer of a corporation, a member of a partnership, or an individual owner of a business signed and accepted responsibility for the financial statements.

Under those conditions, the borrower makes direct representations as to the reasonable correctness of the financial statements submitted. If the financial statements are materially false, the bank can institute legal proceedings against the individual responsible for the financial statements if, in granting the credit, it relied on the figures disclosed in the financial statements. In order to obtain a conviction, however, a prosecutor must convince a jury beyond a reasonable doubt that the individual intentionally and knowingly misstated the figures in the financial statements. Moreover, a borrower knowingly sending materially false financial statements through the mails for the purpose of obtaining credit may be convicted of using the U. S. mails to defraud.

The situation has changed in recent years. Today, many prospective and existing borrowers furnish their bank or trust company with financial statements prepared by independent accountants, accountants usually chosen by them, and the loan officers of those institutions ordinarily accept such statements without the borrowers' assuming any direct responsibility for the reasonable correctness of the financial statements.

Sources of the Change

What has brought about the foregoing situation? One reason is the importance presently attached to the term "independent accountants," which has been constantly stressed by the Securities and Exchange Commission and the leading organizations of certified public accountants in recent years. The term implies independent contractors, that is, a group of professional men who presumably are not, and cannot afford to be, unduly influenced by the whims or desires of management when it comes to reporting correctly the financial condition and earning record of business concerns and other enterprises in financial statements issued by them.

Another probable reason has been the development and publication by the Committee on Accounting Procedure of the American Institute of Accountants, the national organization of certified public accountants, over the past 14 years of a series of bulletins outlining "accepted accounting principles." These accounting rules, which have been generally recognized as technically sound by the Securities and Exchange Commission, the national stock exchanges, and leading business organizations, have set a uniform pattern for the recording of most business transactions on books of account, and they also have set a more uniform and consistent pattern for reporting the results of those business transactions in financial statements. The end result of this effort has been the production of more uniform and trustworthy financial statements, especially when used to measure the achievements of the management of a particular business against past performance or when used to measure the achievements of management of one business against the records of other businesses.

Bulletins on Procedures

At the same time, the Committee on Auditing Procedure of the Institute perfected and published a series of bulletins outlining "accepted standard auditing procedures." The primary purpose of these bulletins, broadly speaking, was to outline the auditing procedures the committee considered necessary on an examination or audit of the accounts and records of a concern to enable the certified public accountants conducting the examination to express an informed opinion as to whether or not the financial statements fairly present the financial condition of the concern on a given date and the net income of the concern for a specified period, usually ending on the same date. The foregoing bulletins establishing "accepted accounting principles" and "accepted standard auditing procedures" are the "Bible" on those two complex subjects among certified public accountants today.

The most important function per-

(CONTINUED ON PAGE 130)

City Banks Report on Correspondent Banking

Here is Part II of our Correspondent Bank Service Survey. It tells the city banks' story and supplements the October article, "Speaking Frankly on Correspondent Banking," which summarized the country banks' views on and experiences with the system.

REPLIES to questions sent by BANKING to representative city banks in all sections of the United States indicate that:

The country banks' balances with their city neighbors compensate, generally speaking, for services rendered.

A large majority of the city banks either charge nothing for services to their correspondents or merely pass along out-of-pocket expenses.

A substantial proportion of the city banks find country accounts profitable.

The country banks welcome the advice and assistance offered by the metropolitan institutions, and carry out most of the suggestions.

The city correspondents' relations with each other were also covered, in two questions. Asked to comment on the status of local competition for country bank business, they replied, for the most part, "Keen but friendly." Some thought there was too much entertaining, and criticized certain practices.

The city banks also reported on the services they were asked to perform for each other. The replies mentioned many, and indicated a high degree of mutual helpfulness.

Charges for Services

For what correspondent services do you charge? What is the basis for the charge?

Approximately two-thirds of the responding city banks either make no charge or ask their correspondents to reimburse them only for out-of-pocket expenses. Following are comments by some that otherwise charge. (Each reply is in a separate paragraph.)

WE charge for pickup and delivery of new bond issues, transactions that involve considerable time. The minimum fee is $12.50, covering up to $50,000 par value.

For purchase and sale of U. S. Government securities we charge 1/32 to reclaim part of the handling cost.

A per item charge when the balance is insufficient to pay the cost of clearing: 2 cents per item credited, 3 cents per item charged; collected balance valuation rate 1½ percent; on purchase of securities, ⅛ of 1 percent.

We make activity charges where the account analysis indicates the account would otherwise be handled at a loss. We recover exchange charges on non-par checks deposited.

Shipping costs and insurance on securities and currency, and large collection costs; also an agreed-on charge for analysis and supervision of investment accounts.

Only when we are requested to keep bonds securing certain state or county deposits under an escrow agreement.

Some charge is made for repurchase of other than Government bonds for banks where the purchases are the result of our recommendations. Also, we charge for foreign drawings and remittances. The time, paper work and the need for maintaining foreign balances makes this charge necessary.

We charge exchange on non-par items or telephone costs when instructed by the correspondent to reply by phone; also for currency sent by us or through the Federal Reserve bank.

We charge for a continuous review service on country banks' bond portfolios where the requirements are more than the usual analysis.

A charge of $1.50 is made for delivery or receipts of securities held in safekeeping for a correspondent when they belong to its customer.

Correspondent is charged when monthly analysis of the account shows it to be unprofitable. The fee is based on activity. There is also a charge for safekeeping of securities.

Regular safe deposit box fees are paid by a few banks that place bonds pledged to secure public funds.

Account Analysis

Do you analyze your country bank correspondent accounts to determine their profitability? If so, what has been your experience?

A substantial proportion of the city banks said they do analyze, and even more replied that most of the accounts—95 to 98 percent, some estimated—are profitable. There is no uniformity as to frequency of analysis. Efforts are generally made to put unprofitable accounts on a basis that will at least take care of costs. Here are comments by banks that analyze:

WE analyze all accounts at least twice a year, some more frequently, sometimes monthly. Only a few banks handling through us an unusually large number of items fail to keep sufficient balances to yield earnings that absorb costs. We encourage all our correspondents to collect their items through us rather than through the Fed, as by doing so we are likely to have the use of their excess funds.

Periodically. No charges are made, but the information is used to encourage better balances. Our experience is that 95 percent are profitable.

We analyze a few accounts. About 98 percent are profitable. When they aren't, we ask for increased balances.

We now analyze on a selective quarterly basis.

We analyze for services performed, and only 1 percent show in the red. This analysis, however, doesn't include our costs for calls and entertainment.

If a rough analysis shows an account to be unprofitable we place it on a special monthly basis to determine the reason before contacting the bank.

Most of our correspondents want to be reminded if their accounts show a loss and will bring them into line.

Our experience has been good. Most country banks are anxious to maintain a profitable balance.

Monthly analysis. When an account proves unprofitable, a talk with the bank's officers will improve the balance, or else they ask us to charge their account for service.

We analyze when activity indicates the possibility that balances are not compensating.

We now have a system of analyzing in one or two states once in every two-year period.

We analyze all accounts at least once a year. Possibly 10 percent show a loss due to excessive transit activity, but over-all they show a reasonable profit. When an account continually shows a loss, we discuss it with the bank and larger balances or some other solution is suggested.

Analysis gives the customer a greater appreciation of activity.

Each six months on a staggered basis—1/12th of total accounts monthly.

There are instances when float is a substantial part of gross balances; others where activity is unusually high in relation to net balances. When such losses are nominal, no particular effort is made to influence larger balances. When losses are substantial, however, an anlysis is made of the sendings, with the thought of suggesting a change in operating procedure to reduce activity. A survey of float often reveals that a different method of transfer of balances provides corrective balances.

All accounts are analyzed twice a year for routine services. Those showing a loss during the analysis month are kept on analysis until the situation is rectified. The analysis includes all deposit and checking activity as well as charges for safekeeping, handling collections, and third-party arrangements. About 5 percent of our accounts will show a loss on this basis some time during the year, but over a year's period only one has shown an analysis loss.

We analyze only new accounts and ones in which new activity develops.

Most of the banks pay their way. As in every other business, there are a certain number of "free riders" who must be prodded constantly to maintain sufficient balances to compensate for the services they receive.

Excess Service

In your opinion, what percentage of your country bank correspondents require service in excess of that warranted by balances maintained?

Virtually 50 percent of the city bank replies said "None" or "Insignificant." A few mentioned 2, 3, or 4 percent, half a dozen gave a 5 percent estimate, and there was a scattering of 10 percent. One put the figure at 10 to 15 percent, and another replied: "Considering services rendered and entertainment, there are probably 40 percent of our correspondents receiving more than the earnings on their accounts would warrant."

Putting Advice to Use

What has been your experience regarding the country correspondent's use of advice provided by you after you have made a detail analysis, at his request, of one of his problems? (For instance, a study of his investment portfolio or a cost analysis of his bank.)

As previously indicated, the answers to this question show that the country banks appreciate the help and endeavor to follow it so far as possible. Typical comments:

OUR correspondents are invited to submit their bond portfolios periodically for analysis, and they usually act on our advice. If the bank requests an operations cost analysis we send qualified people to make a survey. Often requests are made for personnel to assist the correspondent during vacations or illness.

Almost without exception the advice has been followed.

Most correspondents appreciate advice by their city bankers. More should avail themselves of this service.

We have always felt that each bank should determine its own investment policy in the light of local conditions. Our suggestions are always presented with this in mind, and we feel they generally receive serious consideration.

A majority have taken advantage of our suggestions for revamping the bond account with a view to reducing or eliminating payment of excess profits tax. Many have sought our help in installing new internal operational procedures. Many ask our aid in preparing their income tax reports.

We have had very favorable experience in assisting in plans for remodeling or building, and arranging banking quarters.

Usually well received, appreciated and followed. Most country banks recognize that the city correspondent's personnel are specialists in certain fields and consequently have a greater knowledge of a particular problem.

Usually well received as evidenced by subsequent discussions. These reviews are particularly helpful as a check on the correspondent's own judgment. Occasionally the studies lead to comments on other situations which are welcomed.

In one instance the president of a country bank told us that he had put into effect 90 percent of our operations suggestions. We have had a similar experience with investment studies.

Our bond advisory service is well received and specific suggestions are acted on. Even if they aren't always taken, we feel the analysis is at least thought-provoking.

Requests for advice are usually based on genuine needs and our recommendations are usually adapted to the problem.

Our engineering and research department does much

INDUSTRIAL: Copy under the picture in this ad of Irving Trust Co., New York, reads: "Local industries are calling upon their banks for help in solving an ever-widening variety of financing problems." Attention is also called to the bank's "specialized knowledge in various industries"

AREA: This advertisement of Mercantile National Bank of Dallas lists four services of interest to prospective newcomers. Those not included in the above cut are use of conference rooms and arranging hotel reservations and appointments with local people

work for our correspondents. Without exception they use the information or install the systems suggested.

Suggestions pointing toward more economic operating procedures and information on trends in a specific business are much appreciated.

We feel correspondents make good use of our advice except where operating problems or policies make it impractical.

It would be our guess that our advice is used to some extent in 75 percent of the cases.

Most Helpful Services

Of the correspondent services you offer, which do you feel are most beneficial to the smaller bank?

"Investment analysis and advice" got the most mentions, but "loan participations" was a close second and "safekeeping of securities" ran not far behind. "Credit information" and "assistance in operations" tied for fourth place.

"PERSONAL services" (hotel reservations, tickets, etc.) "clearance of checks" and "transit services" were others that, as might be expected, ranked well up in the list.

Several banks felt that cooperation in business development, including assistance in directing new industries to a community, was among their most useful services.

Supplying cash requirements, foreign department service, purchase and sale of securities, money transfers, and aid in personnel problems appeared in several of the replies. Tax advice, trust department facilities, consumer credit assistance, aid in remodeling or building, information on business conditions, bank money order service, corporate fiduciary service, speakers for local functions, supplying forms were also mentioned.

FOREIGN: The First National Bank of Chicago's ad says that the foreign department can provide fast information useful to bank customers doing business abroad. It lists numerous services—remittances, letters of credit, credit data, trade regulations—and also mentions several of the First's domestic facilities

Country Bank Aid to City Banks

Do you ever need services from your country bank correspondents? If so, what are they and are they well performed?

The answer to the first question was, with a few exceptions, Yes. And the city banks said emphatically that the country banks do a good job.

THE services most frequently performed by the country banks included credit inquiries, collections, transfers, help with local loans, bidding on local bond

issues, information on crop and business conditions, aid in obtaining accounts of customers who have moved, business development, property inspections and appraisals, cash letters, account solicitations.

Comments on performance ran like this:

Excellent . . . Well performed . . . All requests are handled promptly and efficiently . . . Generally satisfactory . . . Fine service . . . Many times they go out of their way to help—and we reciprocate . . . Always dependable.

Competition?—"Yeah, It's Tough!"

Do you have any comments on competition between correspondent banks in serving their country customers?

The banks agree that it's lively and keen and for the most part fair and friendly; some pointed out that it's beneficial to the country banker, who gets better service. Others critically mentioned "mass entertainment," "tendency to give away too much," "buying" of accounts. The word most frequently used, however, was probably "keen." Here is a sampling of the comment:

COMPETITION is clean and stimulating.

Generally fair and friendly. It is definitely of benefit to the country banks.

Correspondents follow various approaches. Some, not so cost conscious, stress entertaining, others services. Intense competition ensures top attention for country correspondents.

The balances of correspondent banks are regarded as the most lucrative type of deposits in this bank, and many beneficial results are obtained by keeping close contact with them. The direction of new business from our correspondent friends brings about a very competitive type of solicitation by the larger city banks. Many now offer mass entertainment in the form of football parties and evening social activities, as well as correspondent banking conferences. This bank does not believe in mass entertainment except on special occasions, such as visits to our city by outstanding figures in the banking world who can give our people a real message.

Conducted on a high level and is contributing much toward developing improved services for country banks.

Seems to be getting keener. One hears occasionally that the direction bank account solicitation is taking leaves something to be desired. This may mean that some banks have a philosophy of getting bank business "at any cost." On the whole, however, competition among city banks for country bank accounts is clean; there is very little effort by one bank to undermine another.

Keen, but healthy. In a few instances, perhaps, it permits a correspondent to trade on insufficient balances, or play one bank against another, but by and large it has proved a constructive force for the city and the country bank.

Competition usually ethical.

Conducted on a very high plane. We believe it is the intention of most city banks to cooperate with their competitors in this service.

Generally wholesome, but highly competitive.

There may be a tendency in some instances to give away too much, thereby giving the impression that the city bank is trying to buy business rather than to enjoy it on a merit basis.

Competition in certain areas is somewhat overzealous and contributes to unwholesome banking practices in such fields as credit terms, loan rates, etc.

We consider it unsound practice to place controlled affiliated balances in unnatural centers in order to obtain new business for the controlling bank from the favored centers; also the solicitation of business on the basis of absorption of out-of-pocket costs.

Fair competition is constructive and increases efficiency, but too much competition divides accounts until they are of no value to anyone.

Too much effort is made by some correspondent banks to attract accounts away from their competitors, and banks are frequently encouraged to have too many accounts. If the country banks would resist this pressure, they and their city correspondents would be better off.

The keenness of competition in recent years has resulted in a substantial broadening of the services offered, to the very great benefit of the country banks.

There seems to be a tendency to give away too much.

There is considerable "buying of accounts." This is in the form of excessive entertaining and taking over lines at lower than going rates.

Some banks give away too many services without being compensated either by payment of out-of-pocket expenses or by balances.

The trend toward competitive terms and conditions under which services are rendered is probably more keen than ever.

Yeah—it's tough!

City Banks' Mutual Aid

What services are you most frequently asked to perform for other "big city" banks?

THE services mentioned ran through a long range of more or less routine banking functions—credit information, loan participations, collections, introductions, cooperation in new business activities, money transfers, etc. It is interesting to note that a number of banks said they were requested to help in finding locations for new and expanding industries. This is the aid which the country banks put first in the list of "Services Wanted." [See page 36, October BANKING.]

Here are some of the others:

Orienting new executives to the city and helping them meet people; execution of bond transactions; handling wire transfers and payrolls; business development cooperation relating to large companies in the area; foreign trade information; personal services for customers; property appraisals and inspections; corporate fiduciary services; securities clearances; assistance to customers' branch offices; local representation at bond sales; contacts with customers relative to financing.

A Problem

ONE bank's questionnaire concluded with this comment:

"A serious situation has been created by the city

(CONTINUED ON PAGE 94)

U. S. ARMY PHOTO

The Joint Chiefs of Staff *(above)* are taking a "new new look" at the nation's defense plans, which are a critical item in budget blueprints. After submitting plans recently to the National Security Council, they returned to the Pentagon for further study. *Above, left to right,* are General Twining, Air Force; Admiral Radford, chairman; Admiral Carney, Navy; and General Ridgway, Army

On the Budget Front

LAWRENCE STAFFORD

CERTAIN favorable trends in the Eisenhower Administration's drive toward a balanced budget are becoming definitely apparent, even if the public attention has become somewhat distracted by the dispute over the future of the defense program.

This dispute, among some of President Eisenhower's lieutenants, concerns the remarkably rapid development of Russia's offensive capabilities as seen by some officials or as discounted by others. It is also a dispute as to whether these alleged new and terrible capabilities must be offset by such a readjustment in the defense program as would make unavoidable new and costly additions.

One of the signs of long-term improvement in the budget outlook is no less important because it is intangible. That is the vigor with which certain members of the Cabinet are expressing themselves as determined to carry out the fiscal and monetary objectives of the Eisenhower Administration. These are a balanced budget, reduced spending, eventual tax reduction, and the maintenance of a stable dollar and a stable economy.

George M. Humphrey, Secretary of the Treasury, in particular has been making himself available to several groups to explain the Administration's budget-balancing and sound-money objectives. So has his associate, W. Randolph Burgess, the Deputy to the Secretary. Then there were the Secretary's opening remarks to the public conference called by Chairman Homer E. Capehart (R., Ind.) of the Senate Banking Committee and the large committee which is studying foreign trade financing. The Secretary said he wanted to make it clear that the Government must question both its right and its financial ability to continue to use taxpayers' money to finance investments abroad on a large scale for the purpose of developing competitive enterprise. He said the scale of taxation in the United States was already too high for the maintenance of a sound dollar.

Sinclair Weeks, Secretary of Commerce, voiced similar sentiments. Charles E. Wilson, the Secretary of Defense, has deprecated the reports of Russion offensive potentialities as other officials have raised these fears.

There is also an apparent long-run success in sight for the program of steady reduction in expenditures.

For instance, it is now believed in informed circles with considerable optimism that the *cash deficit* for the current fiscal year can be entirely eliminated. This is a $500,000,000 improvement over the last official forecast, which was for a cash deficit in this amount. It obviously implies a further reduction in current spending.

More than this, however, officials are now fairly confident that the rate of annual spending by the end of this fiscal year will be brought down to $70-billion—or lower. This is, of course, $2.1-billion less than the officially-estimated expenditures for the current year, and $4.1-billion less than the first Eisenhower Administration estimate for this year, and further is $8.6-billion less than former President Truman proposed should be spent.

Whatever level of Federal spending is achieved by the end of this fiscal year will, in turn, form merely a starting point for an unrelenting drive to cut expenditures constantly as fiscal 1955 wears on.

Furthermore, the Administration is moving surely and quietly to recapture investments in Government business and lending activities. This drive will be necessarily slow, of course, for the $2.5-billion of mortgages owned by the Federal National Mortgage Association, for example, cannot be liquidated so precipitately as to jeopardize a normal market for new housing loans. The Reconstruction Finance Corporation is working assiduously to liquidate its portfolio of loans and investments.

KEEPING THE PUBLIC INFORMED

Secretary Humphrey *(center)* discussing the Treasury's problems with members of the Society of Business Magazine Editors. At the *left* is Paul Wooten, chairman of the Society's executive committee, and at the *right* is James S. Warren, its president

Officials are making no estimates of any kind as to the rate of realization on these investments. Observers, however, would not be surprised if $3- to $4-billion were returned to the Treasury during the course of the next three years.

Such an achievement would prove particularly advantageous at this time, when defense production—provided for by years of past congressional authorizations — is reaching peak delivery rates.

Farm Price Supports

It is a long way between now and enactment at the next session of Congress of a modified system of farm price supports. However, sentiment within the Administration, among some farm organizations and among key Congressmen is said to be developing in favor of a particular change which will have important long-run effects upon the Federal budget.

At the present time the Government sponsors loans made to support farm commodity prices. It also purchases such commodities. To the extent that there are purchases or loans of Government money, these show up as Treasury disbursements.

These thus become at least a temporary drain on the taxpayer—or a permanent burden, if there are losses. Nevertheless, the farm commodity is sold to the processor, and hence to the ultimate consumer, at a price which reflects the artificially higher supported price. So the consumer pays and the consumer as a taxpayer also pays.

There are many complexities in the so-called "certificate" or "two-price" plan (and, of course, possible economic arguments against) but this is the plan around which opinion seems to be jelling. However, the subsidy to support the price of any given commodity under this plan would come from the consumer alone, and not from the nonconsumer taxpayer as well. Ultimately it might

HAVE YOU SEEN . . .

(1) The full text of the Small Business Administration's loan policy statement. Write to the Administrator, Small Business Administration, Washington 25, D. C.

(2) One of the most succinct statements of FDIC over-all policy, including a suggestion that liquidation of problem banks may not invariably be avoided. See your printed *Report to Insured Banks, June 30, 1953*, or write to the Federal Deposit Insurance Corp., Washington 25, D. C., for a copy.

(3) A comprehensively critical analysis of proposals to establish Federal cash and capital budgets. See the letter of Senator Byrd on this subject to Chairman Daniel A. Reed of the House Ways and Means Committee. This may be obtained from Hon. Harry F. Byrd, United States Senate, Washington, D. C.

(4) An analysis of the Reconstruction Finance Corporation's loans, commitments, and securities as they stood about the time the agency went into liquidation. Write to the Administrator, RFC, Washington 25, D. C., for release RFC-3138.

(5) A statement of how local public housing agencies can use private credit to relieve the Federal Treasury of short-term loan burdens and still cut interest costs. Write to the Administrator, Housing and Home Finance Agency, Washington 25, D. C., for press release HHFA-SC-No. 150.

(6) How national banks earned an absolute increase of $14,000,000 net in the first six months of 1953, versus the corresponding 1952 period, while gross earnings were $181,000,000 greater. Write to the Information Division, Treasury Department, Washington 25, D. C., for press release H-274 analyzing the operations of national banks for the 1953 period compared to the first six months of 1952.

(7) An explanation of how the interest is divided between the lender and the small business Administration on participation loans. Write to the Administrator, Small Business Administration, Washington 25, D. C., for Administrator William D. Mitchell's statement on SBA interest rates.

avoid a burden of billions upon the Treasury.

CCC Loan Adjustment

In the field of short-term rather than long-term influences on the budget, Agriculture Secretary Benson has worked out an adjustment respecting Commodity Credit Corporation loans which is designed to encourage employement of more bank money and a smaller amount of Treasury cash.

Where banks make and hold CCC loans, they are to be given a 3 percent return, of which ½ of 1 percent is for servicing. If the originating bank desires, it can put the loan in a credit pool and certificates will be sold for investment to banks and others representing loans in this pool. Buyers of these certificates will get a yield of 2½ percent; the originating bank will retain its ½ of 1 percent for servicing. This plan has been used previously respecting cotton loans. Secretary Benson extended it to some other commodities.

The A.B.A. and the Association of Reserve City Bankers have been cooperating with the Government to explain the operations of this new program to banks.

Problem Still Tremendous

While there are these definite long-run favorable trends, fiscal officials, it is believed, have no disposition to play down the magnitude of the problem they face in finally achieving a balanced budget.

Their problem will be particularly acute before the Congress next year.

Even if Congress extends none of the expiring higher rates of excise tax or the 52 percent corporation income tax rate before lower rates become effective April 1, a yield of $68-billion of revenue is fairly secure for the Treasury this year.

However, for future fiscal years it is a different matter. From expiring taxes or higher rates of tax, the Treasury stands to lose an ultimate annual yield of $8-billion. Of this amount, $2-billion would be in lost excess profits taxes, $2-billion in other corporation income taxes, $3-billion from the expiration of higher rates of taxes on individuals, and $1-billion from the temporarily higher rates of excises.

(There has never been any disposition of the Eisenhower Adminis-

(CONTINUED ON PAGE 136)

World Trade Expansion Sought

HERBERT BRATTER

AT its 1953 convention in Washington, the American Bankers Association endorsed the principle of the U. S. A.'s accepting more goods from abroad. **(See page 86.)** Even as the A.B.A. was expressing itself, the Commission on Foreign Economic Policy created under the law of August 7, 1953, was holding its initial meeting under the chairmanship of Clarence Randall of the Inland Steel Corporation. The commission is to report to the Congress and President next year "its findings and recommendations" as to what economic policy we should pursue in the world.

The A.B.A. position is that the U. S. A. should open its markets "increasingly" to foreign goods, thereby "living up to its international responsibilities as the world's greatest creditor and producing nation." Such a policy will help to create a larger volume of world trade, restore currency convertibility and stronger economies here and abroad. It is now for the Randall Commission to spell out this thesis; to show how it can be done.

THE scope of the Randall Commission is sweeping. It is to examine the Constitution, laws, regulations and practices of the U. S. relating to international trade, and those of other nations. It "shall consider and report on" pertinent trade statistics, balance-of-payments data "nation by nation"; causes, effects, and remedies of payments imbalances; the relationship of foreign economic, political, and military policies of the U. S.; international economic bodies various and sundry; investment abroad, especially the Eximbank and World Bank; the economics of international trade — quotas, embargoes, dumping; barter, marking, and transit problems; currency devaluations; tariffs, monopolies, state trading, etc.

The commission, when it reports, will have no excuse for omitting anything remotely bearing on our foreign economic policy, unless it be the excuse of lack of time; for between its appointment and its initial meeting more than five idle weeks intervened, leaving little more than five months to work and report.

WHILE the range of the commission is as wide and as round as the globe, chief interest focuses on what it will recommend concerning our import tariffs and other trade barriers. In its membership the commission contains persons of both high protectionist and free-trade leanings. Indeed it seems to be so well divided on this issue that there is a serious question whether it will in the end manage to come out with a unanimous report. The protectionists, both in and out of the commission, are watchful lest, in our effort to expand international trade, we contract domestic trade. They are zealously determined that, in giving foreign producers a better chance to earn dollars by selling their goods here, we avoid reducing the earnings of American industry, farmers, and workers.

The eyes of the nation and of the whole world are fixed on this 17-man body; and in a large degree not only the eyes, but the hopes that have been raised by the imported slogan, "Trade, not aid." We have tried many things to meet the world's seemingly unslakable thirst for dollars: official and private loans and investments, interim aid, offshore procurement, ERP, MSA, military aid, stockpiling, Point IV, the trade agreements program, GATT, Bretton Woods, FAO, and others since Lend-Lease ended.

WHILE tariffs and investments are important elements in our foreign economics, the subject has many other ramifications. There are the policies and problems of international shipping, air transport, broadcasting; insurance, patents, taxation; tourism, customs formalities; cartels, international commodity agreements, stockpiling; our role in making foreign currencies convertible; gold price; power and the St. Lawrence Seaway; and so forth. Enough to keep more than 17 men busy more than five months.

NESMITH

The statue of Alexander Hamilton at the Treasury's entrance

The U. S.

EDWARD F. BARTELT

Fiscal Assistant Secretary of the Treasury

THE history of the United States Treasury and the history of the nation's banks have come down the years together. The Department of the Treasury came into existence in 1789 under the able leadership of Alexander Hamilton. Every American has been inspired by the creative genius and outstanding accomplishments of our first minister of finance. We cannot make a proper evaluation of the services which this great American has rendered to our country if we think of him only in terms of the conditions which exist today. His real worth can be measured only in the light of an intelligent understanding of the many complex problems and difficulties facing a young Government with many obligations and very limited resources in the first years of its existence. The very existence of the new Government and our national life itself depended on the successful solution and handling of our financial problems. He laid plans for funding the national debt; devised a system of taxes and methods of collection; formulated plans for the First United States Bank; organized a mint; and created an admirable system of financial accounting and control.

Under the leadership of Hamilton, the U. S. Treasury established before the world a reputation for strict fidelity with respect to its financial obligations. Notwithstanding its meager resources, it gave positive assurance that every dollar of its indebtedness would be paid at par. The policies established by Hamilton were criticized by some, but they brought to our country in later years a standing in the eyes of the world that it could not have secured otherwise, and today we can look with pride on the brilliant record which proves unwavering fidelity to every financial obligation.

Every banker recognizes the great value of such a reputation; and in this connection, it is interesting to note the important fact that not only was that policy formulated by Hamilton, but, over the years through successive administrations, it has been woven into the fabric of our country. That policy has carried, all through the years of our history, positive assurance to every person, at home or abroad, that the promises of the United States of America would be faithfully fulfilled.

The work brilliantly begun by Hamilton as Secretary of the Treasury has been carried on by a long list of distinguished and able successors. From its small beginning, consisting of only 39 employees, the United States Treasury today, with its 83,000 employees, is the largest financial institution in the world. Its operations closely affect the life of every American citizen. It transacts business with many millions of taxpayers, bond owners, and recipients of Government checks. One-fifth of the entire national income flows through its accounts.

Widespread Functions

When one thinks of the United States Treasury, his thoughts usually turn to the granite and limestone structure in Washington across the street from the White House. He may also think of the Internal Revenue and Customs Services, which collect the taxes and duties; the Bureau of the Public Debt, which services the public debt, including the U. S. Savings Bonds held by millions of our people; the Bureau of Engraving and Printing, which prints our securities and currency; and the various Mints, which produce our coins. He may not realize the close relationship between the operations of the Treasury and the whole banking structure of the country, and also the many services performed by banks for the Treasury.

The law defines the Treasury of the United States as being the rooms in the Treasury Building at the seat of Government provided for the use of the Treasurer of the United States, the fireproof vaults and safes

Treasury and the Banks

erected therein for the keeping of the public moneys in the possession and under the immediate control of the Treasurer, "and such other apartments as are provided as places of deposit of the public money." While the money of the Government is held in the name of the Treasurer of the United States, a relatively small part is in the Treasurer's possession, and the places of deposit are by law determined by the Secretary of the Treasury, rather than the Treasurer.

The Beginning

When Congress created the Treasury, the Government had no vaults of its own in which to keep the public money. Among the first acts of Alexander Hamilton as Secretary of the Treasury was to provide depositary facilities, and he designated the Bank of North America and the banks of New York, Massachusetts, and Maryland as depositaries and fiscal agents for the accommodation of the Government.

The financial history of the United States from the organization of the Government in 1789 to the establishment of the Federal Reserve System in 1914 discloses numerous attempts to provide better means of transferring money from one part of the country to another, where it was most needed, and to develop more adequate means of handling the Government's revenue and financial requirements.

Except for comparatively brief intervals during the first half century of the Government's existence, deposits of public moneys of the United States had been maintained continuously with the banks of the country, and during the greater part of that time banks occupied an important position in the financial system of the Government.

In 1846 a system was set up to separate, as completely as possible, the Government's financing operations from the money market. Congress passed a law establishing the Independent Treasury System and the Government became its own

Bank Facts

THE FOLLOWING LETTER has been sent by Everett D. Reese, president of the American Bankers Association, to the president of each Association member bank. With the letter went a reprint of Mr. Bartelt's article.

Dear Mr. President:

THIS IS A PERIOD of important national decisions. At our Convention in Washington, speakers, including President Eisenhower, Secretary Humphrey, Deputy Secretary Burgess, and many others, stressed the necessity of carrying the fight for sound money to the people of the country.

How can this be done? All speakers pointed out that each of us had a special responsibility to promote public understanding of the problem in our own communities.

It is up to us as bankers to provide individual leadership of the highest type, not only by increasing the usefulness of bank services to our 100,000,000 customers but by active educational effort on behalf of sound monetary policies.

NATIONAL SECURITY and national solvency are identical because one is impossible without the other. Our decisions as a nation can never be wiser than our understanding of them, and surely the need for wisdom and care has never been greater, because of the position of world leadership in which history now finds us.

FOR US to play an effective part in maintaining high employment and prosperity, our great task is to substitute facts for the misinformation being used by the opponents of a sound monetary program. The first step is to make sure that we and all in our banks are informed.

At present the stock-in-trade on the inflationist's shelves consists mainly of three items, all monotonously similar. They are the rise in interest rates, too many bankers in Government service, and too much Government cash in banks. These are handy gadgets that even amateur propagandists can toss around; and many of our critics, may I underscore, are not amateurs.

FOR YOUR INFORMATION in answering these criticisms in your own communities, President Brenton sent you on June 25 a statement on "Why Interest Rates Have Been Rising." With this letter I enclose material on "Bank Services to the Government." Shortly I shall put in your hands information on "Bankers in Government Service."

You are free to use these *Bank Facts Bulletins* in any way you wish—in your house organ, as reprints for your staff or for distribution to your customers, for the information of local editors, or for speech purposes.

Last July 23 you received from Chairman Totton of the Public Relations Council a publication, "Public Relations Opportunities and Tools," providing the over-all picture of all the means of communication available through this Association for public educational purposes.

IN THE FUTURE there will doubtless be other criticisms of banks for political purposes, and we are prepared to provide you with the answers as needed. Whether it is inflation, deflation, or stability, we can be sure of one thing: Politics will not take a holiday.

That is why this is a job not only for your national association but for every state and regional association, and particularly for every bank and banker.

IN REFERRING THUS BRIEFLY to our expanding program of *Bank Facts*, I want to make one thing very clear. This is a continuing program because the fight will be long and must be won for the nation's good and the welfare of all the people.

In the Federal Reserve Bank of New York, Savings Bond stock is prepared for shipment *(above)* to the banks of the country and other issuing agents. The Federal Reserve banks, as fiscal agents of the United States, qualify institutions as issuing agents of Saving Bonds, keep such agents supplied with bond stock, receive remittances from them for sales, and maintain records and files in connection with these transactions. There are about 2,700 issuing agents in the Second Federal Reserve District alone

banker. This act created four sub-treasuries, located in New York, Boston, Charleston, and St. Louis. These sub-treasuries were in the nature of independent branches of the Treasury Department. Their duties were to receive deposits of public moneys, to make disbursements, and to transfer money from one point to another, functions theretofore performed by commercial banks.

The financial history of the ensuing years proved the inadequacy of the Independent Treasury System to meet the needs of a growing country. This System received a serious setback at the beginning of the Civil War, when the attempt to collect in specie the money which the Treasury needed to finance the war forced the suspension of specie payments. The result was the establishment of the National Banking System in 1863, which provided for the designation of these banks as depositaries of public funds.

One of the disadvantages of the Independent Treasury System, not fully met by the National Banking System, was its inability to supply business with sufficient note circulation when needed and to avoid overexpansion when speculation reached the danger point. It was not capable of keeping pace with the growth of business in the United States and had become obsolete by the time the Federal Reserve System was established in 1914 and remedied the situation.

The Congress has vested in the Secretary of the Treasury broad authority and discretion to utilize the services of the Federal Reserve banks and the commercial banks of the country as depositaries and fiscal agents of the Government. Not only has the Congress granted authority to the Secretary to utilize the services of banks but it also very wisely established, by law, the basic procedures for handling the receipts and expenditures of the Government.

The 12 Federal Reserve banks are now the principal fiscal agents of the United States Government.[1] Each Reserve bank maintains an account in the name of the Treasurer of the United States. Into these accounts virtually all Government receipts eventually are credited and from them all payments are made.

Implementing the Treasurer's accounts at the Federal Reserve banks is a nationwide network of deposit accounts in commercial banks. Most of the money collected by the Government feeds into the U. S. Treasurer's accounts at the Reserve banks through the banking system of the country. Any incorporated bank is eligible to qualify as a Government depositary.

Like any large business, the Treasury must maintain bank accounts. The big difference is that it has more of them—many more. It would be utterly impossible for the Treasury to carry on its extensive business efficiency without the use of this vast network of commercial banks throughout the country. Even when the Government's operations were much less extensive than they are today, experience proved that the Independent Treasury System was inadepuate. It was fortunate, therefore, and indeed very helpful to the Treasury when it was faced with the great financing burdens of World War I that the country was equipped with a well organized Federal Reserve System consisting of 12 regional Federal Reserve banks and several thousand commercial banks.

In World War I, and again in World War II, commercial banks played a big part in the war-loan drives. They composed the largest single group of sellers of war bonds. Three-quarters of the dollar volume of war-loan campaign sales were made through commercial banks. They took bond subscriptions, issued savings bonds, delivered securities to purchasers, made payments of interest coupons from Government bonds, and carried on countless other functions in the interest of the Government.

Three Treasury Principles

In handling the money and securities of the Government the Treasury is guided by three basic principles—safety of the public funds, efficient service to the public, and economy of operation. There is another factor, as important as all three of these combined. It concerns the effect of Treasury operations on the economic stability of the country. This, among other things, includes proper control of the ebb and flow of money from the banking system into the Treasury and back again to channels of trade through Government disbursements. The use of bank accounts helps the Treasury in meeting all these requirements.

The General Fund of the United States Treasury may be likened to 12 large reservoirs, the regional Fed-

(CONTINUED ON PAGE 147)

[1] In order to give the Federal Reserve banks opportunity to become organized, the Treasury did not appoint them as fiscal agents until January 1, 1916. The Independent Treasury System was abolished by act of Congress, approved in May of 1920, when the remaining duties of the sub-treasuries were taken over by the Federal Reserve banks.

Experience of Commercial Banks in Use of

SAVINGS CERTIFICATE PLANS

RAY A. ILG

In this article the author, who is vice-president of The National Shawmut Bank of Boston, Massachusetts, reviews the problems of commercial banks in the savings field and tells how a good many banks are meeting them with Savings Certificate Plans.

COMPETITION for the savings dollar has increased steadily since 1946 until today many commercial banks are faced with the dilemma of either losing a substantial portion of their savings deposits or increasing the interest rate paid on such deposits to the point where savings operations become unprofitable.

Commercial banks have customarily paid ½ percent to 1 percent less for the savings dollar than competing thrift institutions. This gap has widened in recent years with the result that savings deposit growth in many commercial banks has actually ceased.

This situation has caused a revival of interest in the "Savings Certificate Plan" as an alternative procedure which might preserve the basic interest rate for "budget savers" on regular savings deposits, permitting at the same time payment of a premium rate to the "investment saver."

Savings Growth Slackened

During World War II, savings deposits literally rolled into commercial banks as a result of rising personal incomes, the scarcity of consumer goods, the convenient location of commercial banks, and the growth in the practice of paying wages by check. The relatively small spread between interest rates paid by commercial banks and competing thrift institutions was another important factor. Even the E bond was not too strong a competitor with its restrictive features and low yields if cashed before maturity.

Since 1946, however, savings banks and savings and loan associations have aggressively sought savings funds to meet an unprecedented demand for mortgage financing. Consumers, in the meantime, not only saved less than in the war years, but drew heavily on the "low interest," rainy-day funds they had deposited in commercial banks to purchase goods and meet expenses. From 1946 to 1953, the typical dividend paid by savings banks and savings and loan associations increased from a 1½ percent-2 percent range to 2½ percent and 3 percent. The passage of legislation subjecting these institutions to the Federal normal tax and surtax also served to stimulate "deductible" dividend payments. Many commercial banks, in the meantime, have shown great reluctance to increase the interest rate above the typical 1 percent.

The impact of those trends is shown in the table above.

SAVINGS TRENDS IN THE UNITED STATES
1939-1953

Date	*Commercial Bank Time Deposits*	*Mutual Savings Time Deposits*	*Svgs. & Loan Assoc. Savings Capital*
	($000,000 omitted)		
December 31, 1939	$15,331	$10,521	$ 4,118
December 31, 1946	33,930	16,853	8,548
December 31, 1951	38,137	20,888	16,073
June 24, 1953	42,390	23,600	21,154*
Percentage Increases			
12/31/46 over 12/31/39	121.3%	60.2%	107.6%
12/31/51 over 12/31/46	12.4	23.9	88.0
6/24/53 over 12/31/51	11.2	13.0	31.6

* Data for June 30, 1953.
Source: Federal Reserve Bulletin, September 1953.

Possible Solution

The commercial banker is attempting to meet this situation in one of three ways, or some combination thereof:

(a) By increasing the rate of interest paid; (b) by intensively promoting the savings department; (c) by offering a plan of saving certificates; and (d) by offering special incentive savings plans, of which the Bank of America's "LISA Plan" is an outstanding example.

Rate Increase Disadvantages

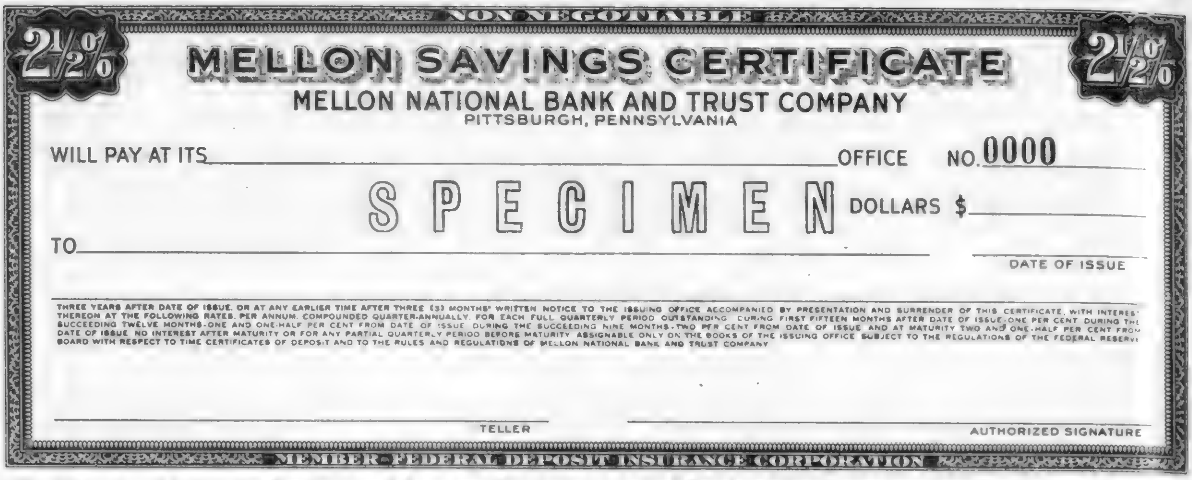
Many bankers feel that an increase in the rate of interest paid should be avoided at this time, pointing out that:

(1) The "rate race" for savings deposits in the late 1920s was not good for banking and contributed significantly to the difficulties which many banks experienced after 1929. The FDIC prohibition against an interest payment in excess of 2½ percent reflects this attitude.

(2) Many cost-minded banks find that an increase in the rate of interest to a truly competitive level (generally 2 percent to 2½ percent) would wipe out the net profit in many savings departments and reduce profits to negligible proportions in others.

(3) The weight of evidence is that any rate increase which falls short of the traditional ½ percent-1 percent gap between commercial bank rates and those of other thrift institutions would fail to achieve the desired results.

(4) The recent increase in the


NON-NEGOTIABLE

2½%

MELLON SAVINGS CERTIFICATE

MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH, PENNSYLVANIA

WILL PAY AT ITS ______ OFFICE NO. 0000

SPECIMEN DOLLARS $______

TO______

DATE OF ISSUE

THREE YEARS AFTER DATE OF ISSUE, OR AT ANY EARLIER TIME AFTER THREE (3) MONTHS' WRITTEN NOTICE TO THE ISSUING OFFICE ACCOMPANIED BY PRESENTATION AND SURRENDER OF THIS CERTIFICATE, WITH INTEREST THEREON AT THE FOLLOWING RATES, PER ANNUM, COMPOUNDED QUARTER-ANNUALLY, FOR EACH FULL QUARTERLY PERIOD OUTSTANDING: DURING FIRST FIFTEEN MONTHS AFTER DATE OF ISSUE-ONE PER CENT. DURING THE SUCCEEDING TWELVE MONTHS-ONE AND ONE-HALF PER CENT FROM DATE OF ISSUE. DURING THE SUCCEEDING NINE MONTHS-TWO PER CENT FROM DATE OF ISSUE AND AT MATURITY TWO AND ONE-HALF PER CENT FROM DATE OF ISSUE. NO INTEREST AFTER MATURITY OR FOR ANY PARTIAL QUARTERLY PERIOD BEFORE MATURITY. ASSIGNABLE ONLY ON THE BOOKS OF THE ISSUING OFFICE SUBJECT TO THE REGULATIONS OF THE FEDERAL RESERVE BOARD WITH RESPECT TO TIME CERTIFICATES OF DEPOSIT AND TO THE RULES AND REGULATIONS OF MELLON NATIONAL BANK AND TRUST COMPANY

TELLER

AUTHORIZED SIGNATURE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The forms used by the Mellon National Bank and Trust Company of Pittsburgh in the operation of its Savings Certificate Plan include the certificate itself, *shown above*, folder outlining rules and regulations, specimen signature card, and redemption request notice

pattern of interest rates, while undoubtedly influential in raising the bank's earning rate on savings deposits, may have already reached its peak as evidenced by the recent upswing in the market price of U. S. Government securities. Why "freeze in" the rate on savings deposits at the top of the cycle?

(5) To increase the bank's mortgage loan portfolio at this time in order to obtain a higher "savings pool" earning rate is difficult for commercial banks which are more closely regulated as to the portion of savings deposits which may be invested in mortgage loans and which are more restricted as to the percentage of appraised value on which loans can be made. Many banks feel that this is not the best time in the real estate cycle to expand a mortgage loan portfolio, particularly since the demand for commercial loans is unprecedented.

(6) The traditionally liquid position of a commercial bank's investment portfolio should not be weakened by "lengthening out" maturities of U. S. or corporate securities to obtain higher income in support of an increased savings interest rate.

Advertising—the Answer?

A second solution might be to step up advertising and other promotional aids in the development of savings business. Advertising can stress other factors than the interest rate such as the advantage of "one stop" banking, the convenience of branch locations, and the insured status of savings deposits. Such programs, in my opinion, may do much to attract new customers.

However, it is doubtful if even an intensive and continuing advertising or promotion by itself can overcome the rate handicap.

Incentive Savings Plans

Various types of incentive savings plans have received much attention in recent years. Many of these plans involve a life insurance feature, the most famous one of which is the "LISA" Plan of the Bank of America which was introduced in 1950. Under this arrangement the depositor contracts to make regular deposits for 50 months and the bank agrees to insure the depositor's life (at no cost if the contract is completed) for 50 times the amount of the monthly deposit. Other plans involving a combination of the life insurance feature and a systematic savings program include the "Sav-Assured Plan" and the plans sponsored by Bankers Development Corporation (Savsurance and Thriftsurance). In the latter case, the depositor pays the entire insurance cost under a group contract.

"Club" plans continue, of course, to be popular incentives to save for specific purposes. The "Savings Bill" plan under which the customer receives a monthly bill and the "Buy $1,000" plan are recent innovations which stress the advantages of systematic savings.

Commercial banks have generally shied away from incentive plans because of the high cost of servicing such accounts. Club accounts, despite streamlining, are generally regarded as being difficult to put on a profitable basis and their chief value lies in attracting potential users of other banking services. Any plan of systematic savings naturally involves considerable counter activity which cuts into the earnings on the deposit balances.

Savings Certificate Plan

The incentive plan which has received much attention in recent years is the Savings Certificate Plan which has been recently offered to customers by large banks in Pittsburgh, Cleveland, Milwaukee, and Richmond. Altogether, almost 100 banks throughout the country are using this plan, and in 25 percent of the cases, with a favorable experience of over 10 years.

A.B.A. Survey

To learn more about the problems involved in Savings Certificate Plans, the Committee on State Legislation of the American Bankers Association recently conducted a survey of the experience of 44 banks. Questionnaires were sent to the participating banks in June 1953. Results indicate that the Savings Certificate Plan, while long in existence, was finding a new, more important place in commercial banks as a defensive, competitive tool to combat the higher interest rates of other thrift institutions. As indicated earlier, the primary appeal is to the "investment saver."

The most popular pattern for the certificate plan is one in which the certificates mature every six months, but are automatically renewed at progressively higher interest rates unless notice is given

otherwise by the customer or the bank. A final maturity of either three or five years was most common, with the typical maximum interest rate being the legal maximum, 2½ percent.

While very similar in many respects to the E bond, important variations include the shorter maturity and the higher interest rate for the period involved. Most plans provide for some measure of certificate negotiability and specify that certificates may be assigned as collateral. The rates charged on loans against certificates as collateral must be 2 percent above the certificate rate, according to a recent Federal Reserve ruling. Some banks provide for the mailing of interest checks annually or semi-annually. On the other hand, most certificate plans require a written notice of intention to redeem (as much as 90 days in some cases) as contrasted with the demand status of E bonds. The 90-day written notice feature is an important part of the certificate plans offered by the Mellon National and People's First in Pittsburgh.

The Savings Certificate Plan appears to be gaining approval in larger banks after having been successfully "guinea-pigged" in smaller institutions. Thirty-five out of the 44 banks answering the questionnaire had total deposits of less than $50,000,000. These pioneer banks are found in 19 different states with the largest number coming from Pennsylvania and Ohio.

Important Findings

Other important findings revealed by the survey indicate that:

(1) In over 50 percent of the banks, the minimum certificate issued was $100.

(2) 73 percent of the banks paid simple rather than compound interest.

(3) 48 percent of the plans had been in operation one year or less, while only 30 percent were in operation over five years.

(4) Half of the banks had total certificates outstanding in excess of $500,000, two banks in excess of $5,000,000. In almost all cases where certificates did not aggregate $500,000, the plan had been in operation less than five years.

(5) In 83 percent of the banks the investment policy with respect to certificate money was not any different than that of regular time money.

(6) Almost 60 percent of the banks paid 1 percent on regular time deposits.

(7) A composite analysis of 30 banks indicates that 48 percent of certificate deposits originated from the bank's own savings deposits, 13 percent from the bank's own demand deposits, 16 percent from other banks' deposits, 5 percent from savings and loan accounts, and 18 percent from other sources.

(8) 75 percent of the banks willing to appraise results felt that the certificate plan was *moderately* or *quite* successful, 6 percent thought it was *very* successful, while 19 percent thought it a failure.

Cost Factors

The evidence to date is that the cost of servicing savings certificates is considerably less than the typical one-half of 1 percent cost involved in servicing regular savings accounts. In this respect the savings certificate plan has a distinct advantage over the other incentive plans mentioned earlier in this article.

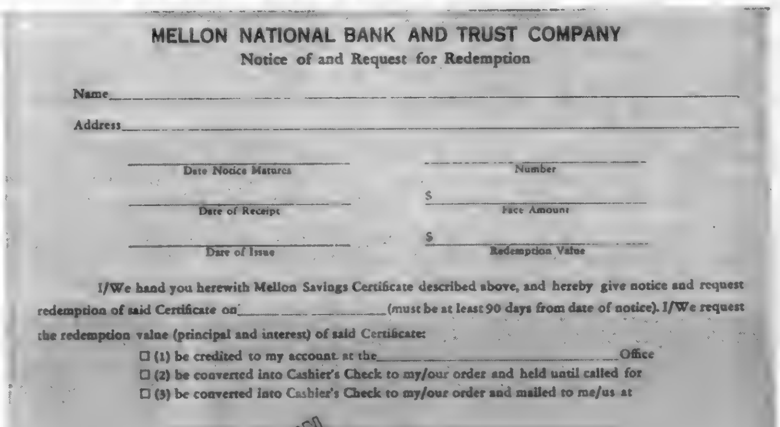
The effective rate of interest on a 2½ percent three or five-year plan is close to the full 2½ percent rate according to data supplied by Oregon banks where the plan has been in operation for some time. While the high interest cost would undoubtedly make it difficult to put the plan on a profitable basis, there would be offsetting advantages if the bank is able to avoid disturbing the interest rate on regular savings accounts and if the deposit business of the "investment saver" is successfully retained.

Conclusions

With the results of the survey indicating that over 60 percent of savings certificate money is being drawn from the bank's own deposits, the plan would seem to be largely a defensive or "holding" operation. Since the high interest cost permits at best only a nominal profit, its chief advantage would seem to be one which gives hope of retaining the "cream" of the savings business, but at a relatively stiff price.

Results to date suggest that the Savings Certificate Plan, while only moderately effective in stemming the postwar drain on the savings deposits of commercial banks, may be of indirect value as a device to preserve the current profit margins on regular savings business.

Mellon's Notice of and Request for Redemption form


MELLON NATIONAL BANK AND TRUST COMPANY
Notice of and Request for Redemption

Name____________________
Address____________________

Date Notice Matures — Number
Date of Receipt — $ Face Amount
Date of Issue — $ Redemption Value

I/We hand you herewith Mellon Savings Certificate described above, and hereby give notice and request redemption of said Certificate on__________(must be at least 90 days from date of notice). I/We request the redemption value (principal and interest) of said Certificate:

☐ (1) be credited to my account at the__________Office
☐ (2) be converted into Cashier's Check to my/our order and held until called for
☐ (3) be converted into Cashier's Check to my/our order and mailed to me/us at

Street and Number
City and State
Signature of Holder
Signature of Holder

SPECIMEN

RECEIPT is acknowledged of the above notice and the above described Mellon Savings Certificate and payment will be made as above set forth.

MELLON NATIONAL BANK AND TRUST COMPANY
__________OFFICE
BY__________ Teller

(Prepare in Duplicate - Signed Duplicate to be given customer as Receipt)

METHODS and IDEAS

Operations . . . New Business . . . Advertising . . . Training

This department is edited by John L. Cooley *of* Banking's *staff.*

A PRACTICE BANK

NEW employees of The National City Bank of New York now receive full-time, full-pay instruction in bank operations before being assigned regular jobs. This program replaces on-the-job training.

Instruction, coupled with indoctrination lectures on bank history and operations, is given in a new training center at the bank's 42nd Street branch building. Virtually a "model" or practice bank, the center is equipped to handle the clerical functions of a $50,000,000 institution. It is staffed by 10 National City bankers who have been detached from regular duty and assigned to this training job because of their technical knowledge, interest in young people, and friendly personalities.

Positions for which training is given are: junior clerk, file clerk, adding machine operator, typist, proof machine operator, bookkeeper, and compound interest teller.

Tellers get the feel of handling actual cash with stage money, rack clerks sort dummy checks, bookkeepers work on dummy accounts, and so on through each training category. All trainees attend lectures describing National City personnel policies and local "ground rules," bank services, and the role of American banks in our economy.

The training center is also geared to give advanced training to present employees who have proved themselves worthy of promotion. Courses last from one to five weeks, depending on the job to which the trainee is assigned and his previous experience.

C. R. P. Rodgers, assistant cashier in charge of the center, says: "In addition to detailed instruction on 'what' the job consists of and 'how' it is carried out, instruction emphasizes the 'why' of the job.

"This gives a trainee a clearer concept of the role he plays at National City. With this broader understanding, he is better equipped to deal with items which vary from the norm and is less error-prone."

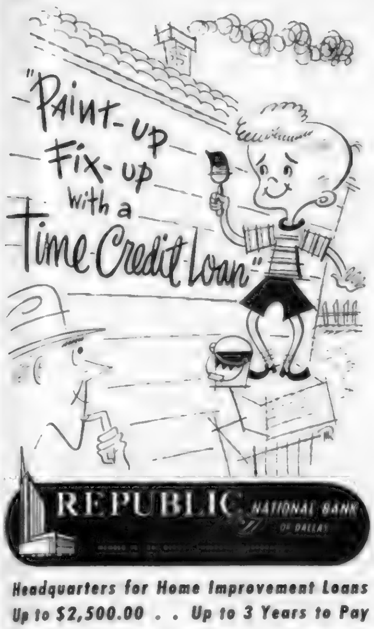
Summing up the center's function, Mr. Rodgers says: "It was established in an effort to standardize training, reduce the burden of training by operating personnel in operating areas, develop better-trained and more capable workers, and stimulate at an earlier stage in the trainee's career a sense of belonging and loyalty to National City."

Mr. Rodgers believes that this program will result in even better service to the bank's depositors.

CARTOONS IN ADVERTISING

REPUBLIC NATIONAL BANK of Dallas is using cartoons to tell part of its business story. The drawings describe available services.

Left, an adding machine class in the National City's training center receives instruction from experienced personnel and works on problems simulating actual working conditions. _Right_, a trainee practices "rough sort" as part of the bookkeeping training program



One of the bank's newspaper ads

"For example," reports Vice-president George J. Watts, "a whole series of cartoons recently promoted the bank's time credit business. One drawing depicts a youngster bedded down in an open bureau drawer. Unhappy with his lot, he says, 'Pop could add a room with a Time Credit Loan.' Another shows the same boy in earmuffs and obviously chilly, building a fire on the living-room floor. The caption reads: 'We could have *automatic* heat with a Time Credit Loan.' "

Television, Mr. Watts suggests, offers a new field for cartoon ideas.

"For the alert advertiser," he says, "TV brings freedom from dull commercials. TV cartooning, cleverly done, adds to the audience retentivity of the commercial part of the program."

Republic uses slides with cartoons produced by an advertising agency inserted between programs. There are three slides to a set. The first two are cartoons, the third a card with a conventional advertisement about the bank service that ties in with the drawing.

In a sample set, the first slide (video) shows a witch stirring a smoking cauldron. The audio says: "In early times, witchcrafters had developed secret recipes for accumulating wealth . . . like boiling leaves in a magic solution. The witch's pot is then blasted to smithereens, her clothing ripped. Audio: "To-day, we know it's nonsense . . . but a savings account can add up to a real nest egg!" The last slide in the set carries a miniature of the architect's sketch of Republic's new building, now under construction. Ad copy reads: "Open your savings account at Republic National Bank of Dallas."

Another cartoon series is used in the bank's house organ, the *Rambler*. This one makes a direct appeal to the staffers, urging them to direct new business to the bank. The drawings are by a commercial artist and appear on the back cover.

Get the Most From Your Equipment

NORMAN T. SHEPHERD

Here is another in the series of articles on this subject by the vice-president and comptroller of the Haverhill (Massachusetts) National Bank. The author is also president of N. T. Shepherd Associates, bank auditors and management consultants.

WHAT records can be reproduced by photographing rather than costly transcription by pen and ink or by typewriter? An analysis will show that a fair average of productivity will be 1,500 to 1,800 records an hour, a very small per-item cost, indeed. With the cancellation attachment, we obtain the cancellation of checks as a by-product of filming.

The photographing of redeemed Savings Bonds eliminates the necessity of laboriously transcribing serial numbers on transmittal letters. Photographing of checks gives a permanent, neat record with full description of all items passing through the bank. We might also obtain photostatic copies of new signatures for bookkeeping and other departments. Where a form of accounts receivable financing is handled, photostatic copies of the control account may be sent to customers monthly for verification with their records.

In your audit procedure you might find your photographing equipment advantageous during examinations by running savings ledgers, loan department records and safe keeping records through the machine while running trial balances, with the film acting as part of the audit department's records. Better internal audit control may be obtained by photographing records in coordination with daily operations, thus eliminating the rehandling of many records —for instance, savings withdrawal and deposit tickets, new signature cards, new loans before they are filed, closed accounts, leases, safe deposit entrance slips, returned items, confirmations, stop payment requests, and general ledger debits and credits.

We should not overlook the utilization of this equipment in our preservation of records program as a quick, effective means of preservation — and it is a tremendous space-saver. Certainly the protection of records is important and. when stored on film, it is practically impossible to modify records fraudulently; no ledger card or record sheet can be slipped out, destroyed, or misplaced. The photographs of the original records cannot be changed by pen and ink or carefully matched type.

Another advantage of photography is the reduction of fire hazard and also the danger of floods if your bank is located in such a district. In case of such an emergency, the very compactness of filmed records makes them easily and quickly movable to a place of safety, whereas the removal of original records, amounting to thousands of pounds of paper, would be practically a physical impossibility.

TV BRINGS RECORDS TO BANKER'S DESK

A NEW type closed-circuit television that brings a ledger sheet, signature or other records to a banker's desk from a distant department has been installed in the newly remodeled RIGGS NATIONAL BANK of Washington, D. C.

(CONTINUED ON PAGE 122)

It Pays to Hire Tested Applicants

E. S. HAMILTON

The author is assistant vice-president of the American Trust Company, Charlotte, North Carolina, and is in charge of that institution's personnel work. A graduate of the University of North Carolina, who has taken graduate work in the field of personnel at the University of Richmond, MR. HAMILTON *was formerly with the Fifth District Federal Reserve Bank, first in Richmond and then in the Charlotte branch. He is president of the Charlotte Personnel Directors Association and is a special lecturer on personnel problems at Queens College and Charlotte College.*

ARTHUR H. JONES, *vice-president of American Trust, states that the program described here got under way at the time the American Bankers Association, through Deputy Manager William Powers, initiated the experimental work that resulted in the short employment tests devised by the Psychological Corporation. On the basis of its own experience, American Trust, says Mr. Jones, has been able to help several of its correspondent banks work out their local personnel problems.*

DR. ALLEN R. SOLEM, *assistant professor of psychology, and director, Bureau of Industrial Psychology Services, North Carolina State College, says of* MR. HAMILTON'S *report, as published here: "It is one of the finest pieces of work of its kind that I have seen, and its publication should provide considerable impetus to improved personnel selection methods in the banking profession generally."*

THE *initial step in any program designed to raise the level of a bank's staff is selection.*

As many operating officers can point out, there are good reasons why banks should make every effort to obtain outstanding employees. The most obvious reason is the effect on profits. Why? Since salary expense is probably the largest expense item in a bank's budget, any improvement in the employees on whom such dollars are spent means that a bank is getting more for its money and is increasing its possibilities of reducing salary expense.

Of course, a second item closely associated with this is the problem of employee turnover. It would be difficult to cite a reliable figure showing what it costs a bank to train and lose an employee. If selection methods can be found that will help in reducing turnover, there is a saving to be effected here also.

Third, better employees have less difficulty in meeting the strict accuracy requirements of modern banking; they adapt more easily to the complex clerical duties; and by showing more proficiency in learning, they reduce their training time. Finally, better employees seem to be more satisfied and less frustrated, which means that bank management will be concerned less with employee grievance problems.

Present System

At the present time our bank is using several selection methods in its efforts to obtain better persons and has given particular attention to the areas of interviewing and testing. All applicants are interviewed briefly at first to see whether we want to spend any more time on them. If the initial interview is en-

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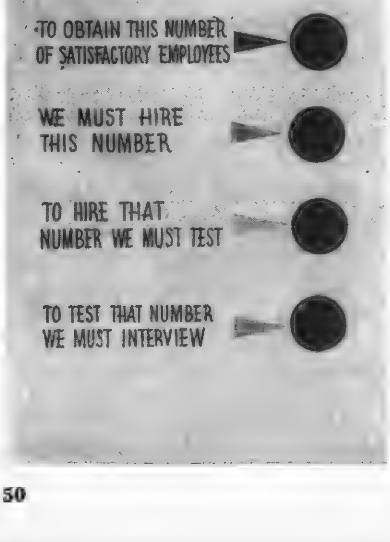

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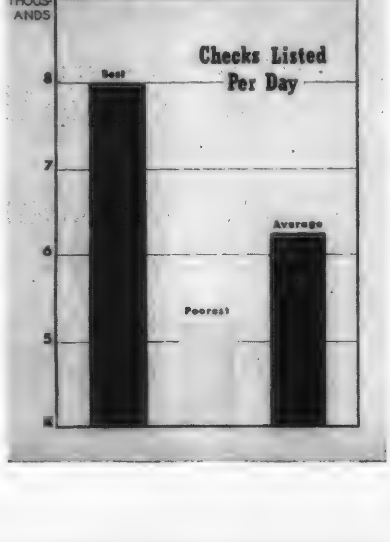

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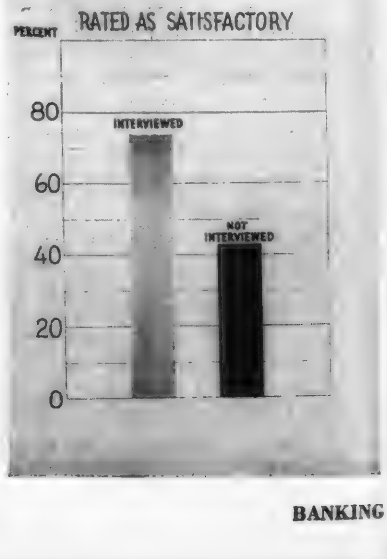

couraging, the applicant may be given some preliminary tests, and in any event he is next interviewed at greater length by at least two persons. Various combinations of the personnel interviewers, the personnel officer, and department heads make it easy to have at least two interviews for comparative purposes. The final stage for an applicant who has shown up well in the selection process is to complete his testing and the checking of his references. Most of the tests used are chosen from the following: Wonderlic Personnel Test, Short Employment Tests, General Clerical Test, and the Minnesota Clerical Test. (Our bank is one of the 100-odd banks that cooperated with the A.B.A. and the Psychological Corporation in developing the Short Employment Tests for banks.)

Mrs. McConnell, American Trust's personnel interviewer, administering a selection test to a group of job applicants

80 Out of 500

Ordinarily, experience has shown us that after the interviews only one out of every two applicants will be considered good enough to be tested. Then of those tested, only about 40 percent will meet our hiring standards. Even with these methods there will be lost later through unsatisfactory work some 20 percent of those passing the interviews and tests. Chart 1 shows how this worked in an effort to obtain 80 satisfactory employees last year.

Why Go to So Much Trouble?

There is another specific reason why anyone selecting employees should go to a little more trouble. The reason is that individuals differ widely in their range of ability. This range, in some cases, is so wide that the least improvement in the type of person selected can lead to tremendous increases in the work turned out by a department. For example, as Chart 2 shows, average checks run per day by our proof machine operators range all the way from 5,200 for the poorest to 8,000 for the best operator. The same wide difference between the best and poorest operator is evident in the accuracy factor, where the best operator can average some 4,800 per error and the poorest operator averages substantially less than 1,000 per error.

The logical conclusion is this: If through better selection methods we can employ more of those persons who will *become good operators* and fewer of those who will *remain poor operators,* we can reduce the number of employees needed for any particular volume of work. We can also expect a better accuracy record.

Can Better Selection Help?

We are fairly well convinced that improving selection methods is the best step toward the solution of

(CONTINUED ON PAGE 150)

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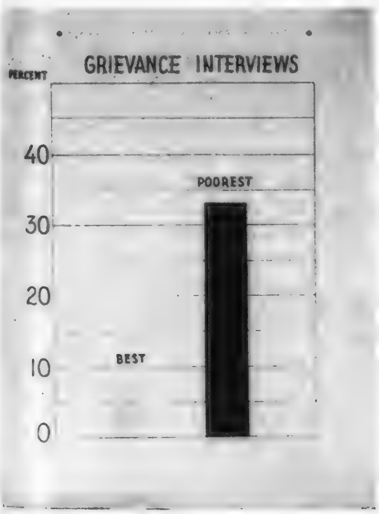

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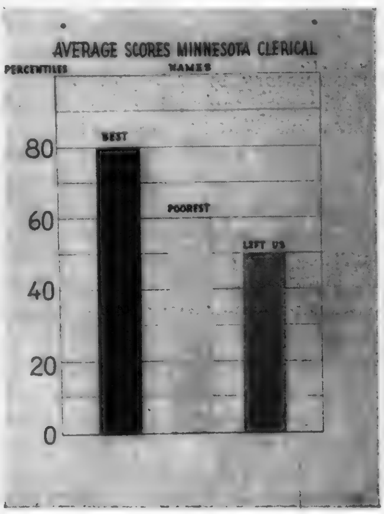

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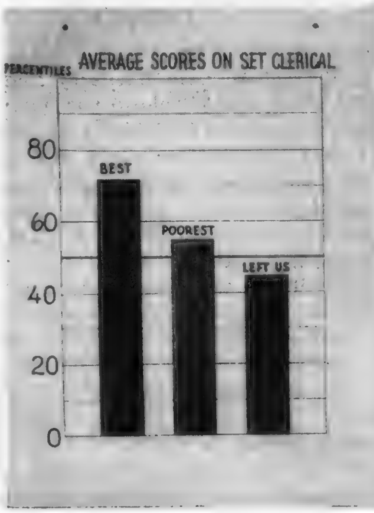


GOVERNMENT BONDS

MURRAY OLYPHANT

THE grin emerging on the face of the market in August expanded later to a broad smile. Skepticism as to the sound basis for lower interest rates altered to considerable confidence that the tide had really turned. Two nations lowered their bank rates.

The demand for Government securities of *all maturities* exceeded supply. The income return available for the shortest-term issues declined sharply. This widened the spread in yield between short and longer issues enough to make the latter more desirable.

Economic factors showed no evidence of renewed inflation. On the contrary, general comment was to the effect that business volume *ought* to be maintained. Things don't *always* do what they "ought." Previous estimates of the size of the "seasonal" increase in loans for the balance of the year were less optimistic.

Available investment funds, which earlier had been held back or had sought the refuge of very early maturities, began to be put to work for fear of "missing the boat." Substantial amounts of new private and public financing were readily absorbed at successively lower costs to the borrowers.

The Open Market Committee of the Federal Reserve continued to make modest weekly purchases of Treasury bills, although the monetary figures indicated little or no necessity for such action.

Finally the Treasury Department stopped issuing Series B tax and savings notes and made a new Series C note available at *lower* rates.

Tip-Off?

Only last May the Treasury found it necessary to *raise* the rate available to purchasers of Treasury tax and savings notes in order to prevent their redemption. At that time holders could cash in their notes and better their yield by buying Treasury bills or other marketable issues within the 2-year range. So the Series B notes were offered at rates more in line with the market at that time.

Now it became necessary to *lower* the rates. Why? Because the rates on the Series B notes had become so high in relation to current yields from comparable marketable maturities that too many were being sold. Nearly $5-billion of the Series B notes had been acquired by August 31 and about $650,000,000 more were bought during September. The bargain was too obvious, so the issue was withdrawn as of September 30 and new Series C notes were offered.

Rates on the two series compare as follows:

	Series B	*Series C*
For a 6-month maturity	2.16%	1.56%
For a 12-month maturity	2.33%	1.91%
For an 18-month maturity	2.41%	2.10%
For a 24-month maturity	2.47%	2.21%

The new rates were fitted very close to the market at the time they became available, especially up to one year. The 6-month rate was hardly more than the then rate for 90-day Treasury bills. The 1-year rate was a little less than the 2 percent which could be obtained for the 2⅝ percent certificates due September 15, 1954, or the 1.95 percent from the 2 percent due December 15, 1954.

For 18 and 24 months the new notes yielded a little more than, for example, the 2.03 percent obtainable from the 1½ percent notes March 15, 1955, or the 2.12 percent from the 1¾ percent notes December 15, 1955. This was close figuring, but the announcement seemed to give the market a shot in the arm.

Could anything have better emphasized the change in the character of the short-term market which has occurred just since late May and early June?

The Treasury certainly does not want to change these terms too often. Isn't it a reasonable conclusion that they do not currently anticipate the necessity for any higher rates for some time? In short, doesn't it look as though current rates for maturities within two years are unlikely to rise enough to prevent steady absorption of these new notes by tax-paying investors, chiefly corporations? Is that a straw or a log to show which way the wind is blowing?

Fair Wind

The market seemed to think that the wind had changed to fair. Not only did the average rate of the weekly sales of Treasury bills decline from 1.96 percent on September 1 to 1.40 percent on October 4, but the 2⅝ percent certificates due September 15, 1954, rose to a premium of 21/32 where the yield was under 2 percent. The recently issued 2⅞ percent notes March 15, 1957, rose above 101½ to yield less than 2.40 percent.

Does this mean that, come December, when $10.5-billion of maturing certificates fall due, they might be refunded with 1-year 2 percent certificates, with perhaps an optional choice for a longer maturity—three years *or longer?* After all, the current yield on the 2¼ percent bonds 1962/59 is less than 2.60 percent. It is not December yet and we shall see what we shall see, but, if the sort of market we had during September continues, perhaps the Treasury might find it possible again to attempt some real maturity extension before the year is out. Already the 3¼ percent bonds 1983/78 have sold at 103, where the yield was about 3.08 percent.

All Long Bonds Ride the Escalator Up

The better market for the shorter-term issues was accompanied by very marked strength for all the longer-term bonds. By early October all the 2½ percent bond issues maturing from 1962 to 1972 were 5¼ to 6 points above the lows for the year. The issues eligible for commercial bank purchase showed the greater improvement. The 2¼ percent bonds with their

8-year maturity were nearly $5\frac{1}{2}$ points up from the bottom. These issues seem to be preferred by commercial banks, as we pointed out last month.

Commercial Banks Not Net Purchasers

Strangely enough, the commercial banks were not net purchasers of Government securities. From August 26 to September 23 the reporting member banks showed a decline of $612,000,000 in their total holdings of Government securities.

By categories the changes were

Treasury	bills	minus	$399,000,000
"	certificates	plus	862,000,000
"	notes	plus	1,138,000,000
"	notes	minus	2,213,000,000

The lesser bond holdings reflected the retirement of the 2 percent bonds on September 15. Over $1-billion of the 3-year $2\frac{7}{8}$ percent notes appear to have been taken in exchange, besides a substantial amount of the 1-year $2\frac{5}{8}$ percent certificates. As the reporting member banks probably had close to $3-billion of the 2 percent bonds, which were paid off, they may have added a few other bonds to their portfolios but certainly not enough to have much effect on the market.

The Why of the Rise in Prices

What seems to have happened to account for the rise in prices for the longer bonds was a change in portfolio policy in connection with sales and subsequent purchases to establish losses for tax purposes. For some months a large part of the daily volume of transactions was reported to be of that character. But in past months such exchanges for the most part were out of the longer-term and into shorter-term issues. During September, however, sales appear to have been replaced with equivalent, or somewhat longer maturities.

Meanwhile, not only did corporations continue to absorb large amounts of early maturities—mostly Treasury bills—but the managers of the large investment portfolios, such as pension and retirement funds both public and private, began to acquire some of the longer-term Government Bonds. Furthermore, they seemed unwilling to part with what they already held on a rising market.

In consequence, while the demand for bonds was increasing, the supply tended to disappear. The situation was the exact reverse of that prevailing in late May and early June. Presumably the Government bond dealers stocked up from time to time, but then stocks were rapidly depleted and could only be replaced at higher levels. Under these circumstances price changes could hardly be other than exaggerated in comparison with the actual volume of transactions.

It is probably true that the market went up too fast. Too fast, that is, unless the threat of inflation has definitely been removed and been superseded by the likelihood of some recession in the volume of business. Were the latter to develop, funds available for investment would increase at a time when the supply of investment media other than Governments could be expected to diminish. In that case even higher prices for Government securities might be anticipated.

A factor supporting confidence in the market out-

(CONTINUED ON PAGE 153)

Investment Markets

H. EUGENE DICKHUTH

THE total of securities offered in September was the largest for that month in 27 years. It aggregated more than $1-billion.

The lion's share of that was borne by bond flotations which ran to $988,127,000 for 110 new issues. This was unequaled for the month since 1926. It compared with $492,999,000 for 65 issues in August and with $592,071,000 covering 127 offerings in September 1952.

State and municipal financing received a substantial boost by large offerings of New York State Thruway Authority bonds and 31 issues of Public Housing Administration bonds. Together, they accounted for $392,737,000, or nearly 40 percent of all bond flotations.

For the nine months ended September 30, $6,598,-782,000 of bonds was offered publicly, divided into 849 issues. It compared with $5,966,868,000 for 714 flotations in the corresponding period of last year.

Equity financing, despite slowness earlier this year, also made substantial gains in September. Eight new stock issues were brought out totaling $61,717,000, the largest figure since June.

This compared with $22,430,000 for 11 issues in August and with $43,094,000 for 10 issues in September 1952. Stock financing in the first three quarters of the year, thus, came to $576,436,000, against $836,563,000 in the like 1952 period and $480,442,000 in 1951.

Generally speaking, all these new securities were well received and absorbed by investors. Sentiment was helped by the Administration's flat reiteration that tax cuts would become effective after the first of next year and that a general revamping of the tax structure was under consideration. Continuation of a flow of high savings was a contributing factor.

BANKS were among those seeking additional capital. National Bank of Detroit is offering 313,200 new shares of capital stock on the basis of one new share for each five shares held. The transaction has been underwritten by a nationwide syndicate headed by Morgan Stanley & Co. An additional 370,000 shares are to be distributed as a stock dividend.

Similar action towards an increase of capital stock was taken by shareholders of Franklin National Bank, Franklin Square, New York, who authorized a similar distribution of new stock, part of which is a stock dividend.

Private placements continued to play an important role in the markets. Utilities, as in public offerings, were predominant. Among the offerings absorbed privately was a $2,250,000 4 percent bond issue of General Telephone Co. of Ohio, which was purchased by New York Life Insurance Co., Aetna Life Insurance Co., and Connecticut General Life Insurance Co. Another $1,925,000 $4\frac{1}{4}$ percent flotation of Alexandria Water Co. (Va.) went to New York Life, Massachusetts Mutual Life, and Teachers Insurance and Annuity Association.

Business Development Sales Kit

WILLIAM R. KENNEDY

MR. KENNEDY *is vice-president of The Union Market National Bank of Watertown, Massachusetts.*

BANKING surveys have consistently proved that an increase in the number of new bank customers is largely the direct result of recommendations by presently satisfied customers. The same surveys have revealed that few present bank customers use all the banking services they have need for. Accordingly, a well-balanced business development program should place equal emphasis on the expansion of business from present customers as well as on efforts to develop new business.

For some time the Union Market National Bank had felt the need of an "officers' outside call program" to cement our relations with present customers, so we started a plan developed from the experiences of other banks and an understanding of our own objectives.

Most of the banks we contacted reported that their officers had accepted this new assignment with varying degrees of interest and enthusiasm. Some of the officers just didn't find time to participate, while others who did participate were woefully ineffective. To combat the first obstacle we gave our program board recognition and made minimum demands of only one call per week. To combat the second obstacle, we made an honest and, we believe, effective effort to prepare our officers properly for their new assignments.

The first step was the preparation of a master list of all commercial accounts with balances above $2,500. From it officers participating in the program selected the accounts they would contact for the month on a quota of one call a week. The officers were supplied with a 12-month history of balances on the accounts they selected, together with the names and titles of persons to contact. The time for making the call was left entirely up to the officer; most selected the period immediately following the bank closing hours. After the call was completed a report was filed by the officer and the date of the call was checked on the master list. Once each month a report was made to the board of directors, showing the number of calls made by each officer and his quota.

A sales manual was then provided for each officer to take on each call. The manual serves both as a factual and psychological aid for the officer. It includes a copy of the last published bank statement, a rate chart on all personal loans, auto loans, and FHA loans, together with the latest acceptable down-payment and length of maturity schedules. There is also a chart showing the monthly payment factor for mortgages of varying amounts, interest rates, and maturity dates. A comparative chart of the interest for borrowing money from a bank as against a loan com-

(CONTINUED ON PAGE 134)

A Watertown housewife receives Mrs. E. E. Weldon, who's presenting the bank's gift package of four coasters and her calling card. She also carries the sales kit

In the living room Mrs. Weldon explans the bank's services, with the aid of the kit

A Policy for Today

Based on a Survey by BANKING

A. ANTON FRIEDRICH

MR. FRIEDRICH *is Professor of Economics, at Washington Square College, New York University.*

THIS discussion is based upon the following question which was submitted to several bank executives in the instalment credit field for their comments:

In view of the possibility of a recession some time in the future, what precautionary steps are being taken by bankers?

Replies were received from the following: E. F. Brandt, assistant vice-president of The Old National Bank of Spokane, Washington; D. O. Thurman, vice-president of the First Security Bank of Utah, Salt Lake City; Daniel A. Leary, vice-president, Fidelity Union Trust Company, Newark, New Jersey; D. Z. Albright, vice-president, Security-First National Bank of Los Angeles; William F. Kelly, executive vice-president, The Pennsylvania Company, Philadelphia; G. Schuyler Blue, vice-president, American National Bank, Indianapolis; C. C. Shively, vice-president, The Ohio National Bank of Columbus, Ohio.

Although this is too small a group to be regarded as a statistical sample, it is a representative group of bank lenders. The geographical areas which are represented reach from coast to coast, the far west, the intermountain states, the middle west, and the Atlantic seaboard.

There is, I think, fairly general agreement that a downward economic readjustment is in prospect. It seems to be somewhat more than a possibility. In some important segments of the economy it is occurring. Such important areas of activity as steel production, new housing starts, plans for capital expansion, the retail demand for consumer durables have already made the turn. Farm incomes and prices are down, a matter which is perturbing the Republicans and which is not altogether displeasing to their opposition.

In some markets, the situation may even be regarded as critical. While it may be too strong to say that household appliances are a drug on the market, the inventories of both manufacturers and dealers are well above the comfort level. The rate of inventory turnover is a matter of concern not only to the trade but also to those instalment lenders who have appliance collateral in their portfolios. The movement of new cars seems to depend pretty much upon generous price concessions. A recent survey by *The New York Times* of the metropolitan market reports that discounts off list price on new cars average around $300. The used car market differs from that of new cars only in the sense that its difficulties are even greater.

How far this readjustment will go is at the moment the $64 question. And here too we find a measure of agreement on the part of economic forecasters which is somewhat amazing in the light of the reputation they have earned over the years. The readjustment, it is generally believed, will not be a very severe or a prolonged one. There will not be a depression, old style, no precipitous layoffs on a mass scale, no collapse of values such as in 1932 or 1937. If we take the extraordinarily high levels reached in the first half of this year as a point of departure we may reasonably foresee a period of readjustment; if we take a longer run historical perspective, 1954 may end up being one of the more prosperous years.

"Careful consideration must be given to the discounts available today on the list prices of most new automobiles. The purchaser financing a new car today seldom has a true one-third equity in the car if he obtains credit for two-thirds of the listed selling price. The amount financed should be based on the adjusted cash price, after the discount has been off of the regular selling price."

—G. Schuyler Blue

In short the prospects are not of the kind which should lead to fear and panic. Defensive reactions against forthcoming events are called for. Putting one's house in order—or, more aptly phrased, putting one's portfolio in order—is perhaps the better part of wisdom. Caution and prudent judgment are at all times desirable virtues; perhaps the need for them is somewhat greater at the present time.

How are bankers reacting to this situation. The answer is as one might expect; namely, a general tightening all along the line with respect to all phases of instalment lending. More careful scrutiny of loan applications, more conservative appraisal of an applicant's income and employment prospects, a closer checking of the financial position of dealers, and a more alert and aggressive policy of collections are some of the things which the bankers report they are doing.

Let us consider some of the replies. It should be noted at this point that there is substantial agreement on the part of all those who responded to the query not only with respect to basic attitude and policy but also to the coverage of items. It would almost be possible to quote any one letter in full as representa-

tive of the whole group. There are variations in detail and in the form and order of statement.

In view of the fact that each of the letters cannot be printed in full I shall present selected abstracts from several as the comment applies to the topic under consideration.

Dealer Accounts

"We have curtailed our dealer business - acquisition program and are carefully reviewing present dealer accounts," reports Mr. Thurman. "Those who are not making progress or whose financial structure is not sound," he continues, "are being terminated. We are holding dealers to their established floor lines and in some cases reducing these lines. Deviation from our standard policies . . . and irregularities . . . are no longer tolerated. Percentages or reserves against dealer contingent outstandings have been increased. Full recourse endorsements are being obtained on a larger portion of contracts."

"Dealers who need floor plan assistance," says Mr. Shively, "should be required to file financial and operating statements at frequent intervals, and banks extending such credit should not fail to regularly inspect and appraise inventories which they finance." "A closer and more frequent scrutiny of dealer financial statements . . ." seconds Mr. Leary.

Consumer-Borrowers' Creditworthiness:

According to Mr. Kelly "despite the pressure created by all sorts of sales promotion schemes, the instalment banker should adhere to sound terms, and what is more important, he should look very closely at each individual credit application in order to be sure that the credit seeker has not overestimated his capacity to handle the instalment contract.

"As a general rule," adds Mr. Leary, "overtime pay or added income from a wife's employment should no longer be taken at full value in appraising such capacity to pay.

"It is our opinion that credit extended to persons with short-term employment records, regardless of any increases in income that may have accrued thereby, are definite credit hazards at this time. Even though their past paying records appear unblemished. . . . In addition to this employment factor, the amount of instalment obligations already assumed is extremely important in considering the extention of further credit to an applicant," continues Mr. Leary.

> **"To establish an aggressive and alert collection policy when delinquencies are still low, when troublesome accounts are few in number, and when on the whole the record of prompt repayments is good is more likely to be effective and to incur less illwill if and when bad times—or less good times—arrive."**
>
> **—A. A. Friedrich**

Mr. Shively points to the danger of "the possibility of increased unemployment in certain lines of business, particularly those primarily dependent on war orders; and others producing or distributing commodities in surplus supply."

Evaluating Collateral

Mr. Blue calls attention to the importance of automobile paper in an instalment banker's portfolio and says ". . . the values to be placed on such collateral is a real problem today. It is admitted that the guide books are unable to furnish published figures that are much less than 60 days behind the actual market today. To adjust for this delay, and to keep abreast the steadily declining market on used cars, banks should lower these guide book values by 10 percent or 20 percent, according to the popularity of the model and the age of the car.

"A more selective policy in grading merchandise to be financed at wholesale or at retail," advises Mr. Leary. "Such financing," he continues, "should be confined largely to nationally advertised products with good public acceptance. This may result in larger downpayment requirements on some classes of merchandise."

Assuring Adequate Downpayment

". . . careful consideration must be given to the discounts available today on the list prices of most new automobiles," advises Mr. Blue. "The purchaser financing a new car today seldom has a true one-third equity in the car if he obtains credit for two-thirds of the listed selling price. The amount financed should be based on the adjusted cash price, after the discount has been off of the regular selling price." Mr. Thurman has reduced the percentage of low book value advanced on auto loans and Mr. Shively suggests that "downpayments need to be increased, and maximum repayment periods shortened, to appropriately adjust for possible further market value deterioration."

Intensifying Collections

An effective collection policy which keeps delinquencies and defaults to a minimum, which is prompt in reaction to troublesome accounts, yet one which permits orderly liquidation is an essential of successful and profitable instalment lending. Certainly it is one of the more important precautionary steps. Moreover to establish an "aggressive and alert" collection policy when delinquencies are still low, when troublesome accounts are few in number, and when on the whole the record of prompt repayments is good is more likely to be effective and to incur less illwill if and when bad times or less good times arrive.

Mr. Thurman reports that in his bank "Collection efforts are being intensified and facilities expanded . . ., with particular attention given to accounts which become past due early in the life of the contract, on the first two or three payments." Mr. Leary would act even more quickly. He says, "A careful review at least monthly by top management of all 'first payment' defaults during the preceding month should be a must. This will uncover quickly current trends indicating faulty credit judgment, service complaints, or customer dissatisfaction with merchandise purchased at an early date and enable the lender to correct the situation before it develops into a critical situation." In the training of younger loan men, Mr. Albright is placing "more emphasis" on collection procedures.

The Importance of More Information

Mr. Shively makes a good point when he calls attention to the importance of information as a basis for development of a good credit policy and the changes circum-

(CONTINUED ON PAGE 152)

Pittsburgh Store Front Products are a wise investment

in more depositor-appeal for a bank

Wachovia Bank & Trust Co., Raleigh, North Carolina.
Architect: Leif Valand, Raleigh, North Carolina.

In this modern design for a branch bank, a friendlier, "come-in" feeling has been substituted for the staid, stand-offish appearance so characteristic of older banks. A bank like this is bound to attract more depositors. Pittsburgh Products used for this new building include Polished Plate Glass for large open-vision windows with two Herculite Plate Glass Doors, and bullet-resisting Plate Glass for outside deposit windows. In the interior of the bank Heavy Plate Glass was used for counter tops and Pittsburgh Mirrors for decoration.

in better business for a retail property

"Our new Pittsburgh Store Front has given an air of dignity to our place of business and increased the value of our building. Our business has increased over 100% since we installed our new front and we feel that most of it is due to the excellent first impression our new front creates. We recommend that more businesses install new fronts as there is no other investment we know of that shows such amazing returns."

says

Andre E. Schneebeli, Prop.
Andre'—The Empire Salon, Baltimore, Md.

Architect: Fenton and Lichtig, Baltimore, Md.

Pittsburgh Products used in this smart, dignified salon include Polished Plate Glass for the small oval windows, a Herculite Tempered Plate Glass Door, and Wine Carrara Structural Glass for the facia and bulkhead.

PEOPLE are attracted by a smart, up-to-date establishment whether they go there to bank or buy. They have confidence in the banker or merchant who is progressive, whose property is modern and styled in keeping with the services it offers. One way to achieve this customer-pleasing appearance is with a generous use of quality Pittsburgh Store Front Products. These beautiful and versatile products are suitable for building a new bank or modernizing bank-owned properties. Loans to good-risk merchants to finance their own remodeling are a good investment for your bank, too.

Store Fronts and Interiors by Pittsburgh

Pittsburgh Plate Glass Company
Room 3381, 632 Fort Duquesne Blvd., Pittsburgh 22, Pa.

Without obligation on my part, please send me a FREE copy of your modernization booklet, "How To Give Your Store The Look That Sells."

Name ....

Address..

City .... State ....

PAINTS · GLASS · CHEMICALS · BRUSHES · PLASTICS · FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

That First Plunge into TELEVISION

LOUIS C. FINK

The author is advertising manager of the Trust Company of Georgia, Atlanta.

Announcer Don Elliott faces the camera on the Trust Company of Georgia show

THERE must be thousands of other banks like ours—wondering whether or not to take the plunge into television. Our experience with radio had been quite broad, but about this strange new medium of TV we knew very little. Now, many months later, we have completed a cycle of 13 weeks with a half-hour program. In general, we like what we found.

Television, like any other medium, must be adapted to whatever purpose your bank is trying to accomplish by its advertising. And since every bank's purpose is different, we can make very few broad statements. All we can do is give you a case history of our experience.

The Trust Company of Georgia and its affiliated banks have a total of nine offices in six Georgia cities. When we went on the air, there were only three stations in the state, all here in Atlanta. We chose the station that seemed to give us the best coverage of the entire state, and we based our decision on Nielsen surveys, the claims of station managers, and our own city surveys.

Dignity, Service, and Appeal

We wanted a program which combined dignity, an element of public service, and an appeal to all members of the family. We believe we found all three in *The March of Time,* which had the additional advantage of a national reputation. It ran 26 minutes and 30 seconds, allowing three minutes for our commercial announcements.

We decided to stress each week some feature of our service which we believe makes the Trust Company Group outstanding—personal trust facilities, agricultural services, bond department, foreign department, statewide coverage, etc. Our agency (Liller, Neal and Battle) came up with the slogan, "The bank that leads in service to Georgia and the South."

A standard introduction and closing was prepared on film. This featured close-up shots of our Atlanta offices and theme music from the film, and was unchanged from week to week.

We built our own set so that we could get exactly what we wanted. It is simply an attractive office, with panelled walls, and furnished with what we hope are a rich-looking desk, chairs, bookcase, and wall map. Where an officer's name might appear on the desk, we placed a plaque with the name of the bank. We use props as they are required: a revolving globe, finished products from textile mills, photos of our bank buildings, and so on. The scripts are written so that the announcer moves about some in his "office." It is readily apparent that motion is one of the things you pay for in television; without some action, you are not getting the best results of this medium.

We promoted our show with most of the standard activities: preview for our own staff, lobby posters, newspaper ads, TV spots, publicity releases, and statement stuffers. During the run of the show, we used a monthly statement stuffer listing programs for the next four weeks. Our tellers handed out small cards announcing the show to depositors. We sent formal invitations in hand-addressed envelopes to about 10,000 people. Personal letters went to the directors of each of our six banks. A limited number of self-addressed post cards were used to obtain audience reaction. Our employee magazine carried a feature story and cover picture. When we learned that a certain industry or profession was to be mentioned in *The March of Time* film, we notified the leaders in that group in advance.

Following each week's show, we made the films available to nonprofit groups for private showing.

Expensive? Yes! . . . But . . .

Everybody wants to know about the cost of television. There are two obvious observations that should be made. One—TV is expensive! Two—there is no secret about the costs!

Standard Rate and Data Service lists hundreds of shows on films, with their prices, which customarily vary according to the number of receiving sets in the area. In our market, our film cost $235 a week during the summer. Station time

(CONTINUED ON PAGE 129)

Home-town Workers
A vital element in plant success

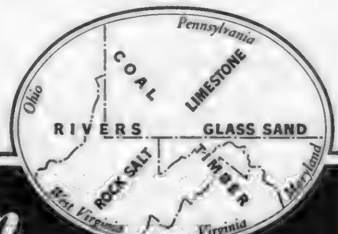
There's a vital human element affecting any product or process . . . the stability and dependability of the men and women doing the job. In making plant location decisions, this may well be one of the most important elements to consider.

West Penn Electric's service area is particularly blessed in this respect. For it offers dependable home-town folks that "stay put." In the area's many small and medium-sized communities, people find the environment for pleasant, near-the-job, family living. There's little tendency to migrate from town to town or from job to job, as is the case in many large manufacturing centers. This pays off for employers in the worker's incentive to give a day's work for a day's pay.

Consider, too, the fact that in many parts of our service area the percentage of female employment is only about *half the national average*. This means a large, untapped labor reserve—available for light manufacturing or fabricating operations.

SEND FOR FREE FOLDER
"7 Good Business Reasons"
describing advantages enjoyed by industries in the service area of West Penn Electric System. Consult us about your plant site problems, in confidence if you wish. Simply write

Area Development Department
The West Penn Electric Company
Room 919, 50 Broad Street
New York 4, N. Y.



West Penn Electric System

Monongahela Power Company • The Potomac Edison Company • West Penn Power Company

Appliance Park has 26 miles of railroad track within its wide boundaries. Parking facilities accommodate 8,000 cars

A Plant Settles in Louisville

ROBERT P. STEPTOE

The author is editor of The Kentucky Banker, *publication of the Kentucky Bankers Association.*

LOUISVILLE, Kentucky, has had some mighty big things happen to it in its 175-year history. Every May it's the Mecca for seekers of the thrill-of-a-lifetime—100,000 horse lovers trying to pick a winner in the Kentucky Derby. In 1937 one could have set up a sand, gravel, and mud pie business in the heart of town after a catastrophic flood.

There have been other events of similar magnitude, but few measure up to, and probably none surpasses, the impact of its selection as the site for a brand new General Electric plant early in 1951.

Louisville has a better-than-fair industrial plant population. Although not boasting so-called heavy industry, it has excellent diversification of fabricating plants. They run the gamut from tractors to auto assembly, to chemicals, paints, hardware, and men's caps. Of course, its fame as a tobacco and whiskey processing center is secure.

However, the General Electric plans dwarf nearly any combination of even the very large operations now in existence around the city. GE has pulled together its major appliance divisions into Appliance Park, with an expected peak employment of 12,000. It's a gigantic undertaking and begins entirely from scratch.

Overcoming the hurdles attendant on a development of this magnitude is a dramatic story. But it's like pulling teeth to get the facts for publication.

Louisville has five "big" banks—with total assets exceeding $50,000,000. Each bank, of its own resources, staff, and contacts, is capable of lending a very helping hand in a deal of this size.

Late in 1950, General Electric began sending to Louisville various executives to study the problems of establishing a new plant in the community.

One of the group leaders who was among the first to arrive in Louisville has this to say: "I started looking for people who could help me get around the initial problems. For a spell I was stumped on where to turn. Suddenly it dawned on me that I might try one of the five banks.

"Then it became a case of selecting one. I decided, although I'd never really had much truck with banks or the financing intricacies of our company, I probably wouldn't go wrong calling upon an institution with the word 'national' in its title. That was the only reason I had for walking into the one I did.

"I've since found out that there is no difference between the 'national' insofar as customer service is concerned and 'nonnational' banks. In fact, it surprised me to

(CONTINUED ON PAGE 146)

INSTANTLY ACCEPTED...

with no questions asked!

"You can't fool me, my good man—that better be an American Express Travelers Cheque."

It's child's play to spend American Express Travelers Cheques. They are instantly recognized, instantly accepted in more places than any other travelers cheque.

More than 60 years of service, backed by vigorous national advertising and promotion, have made American Express Travelers Cheques the most widely accepted and the most popular cheques in the world.

This universal acceptability, plus the unique advantages of American Express service, the world over, bring to your bank a double bonus of *good will.*

Your customers rely on you for financial service when they travel. They want the safe, convenient service they enjoy in your bank. So offer them American Express Travelers Cheques and make *our* service *yours!*

AMERICAN EXPRESS TRAVELERS CHEQUES

The first choice of travelers the world over!

REGARDLESS of the size of your bank—large, small or anywhere in between—you're sure to find a Recordak Microfilmer that will give you *the advantages of modern microfilming at lowest cost.*

This is possible because Recordak doesn't manufacture just one microfilmer—or two. Instead you'll find a versatile line of high-precision machines *designed with all banks, all requirements, all budgets in mind.*

Thus, Recordak has made it possible for even the smallest banks to realize savings—over and above all microfilming costs—which are proportionate to those realized by the largest Recordak users. *And you can buy or rent your Recordak Microfilmer, as you please.*

For complete details, write Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N. Y.

ch Microfilmer to Requirements

Remember these extra values, too—

RECORDAK specializes in microfilming only . . . has been analyzing the needs of banks of every size for 25 years. A nation-wide staff of specialists is always at your call.

RECORDAK film, lenses, and microfilmers are made by Kodak . . . assurance in itself of top quality and performance.

RECORDAK maintains 26 conveniently located film processing stations. Your microfilms are processed the same day they are received by skilled specialists using high-speed professional equipment.

RECORDAK gives prompt Free Facsimile Service to all customers whose transit letters are lost or destroyed en route.

"Recordak" is a trade-mark

1928 25TH ANNIVERSARY 1953

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems

THE FAMILY DOLLAR

EARL S. MacNEILL

Vice-president, Irving Trust Company, New York

Basic Trust Services:

Trustee Under Agreement

LAST month the discussion was anchored to a trust created by will. One of our customers once put his understanding of such a trust in these words: "It's nothing but a lot of writing until I die." When he died, the executor of his estate would take over, would pay debts and taxes and a few legacies in things and cash and finally would pay over whatever was left to itself (being a bank) as trustee for the benefit of his widow and children. This would be called a *testamentary* trust, echo of the phrase "last will and testament."

The other great kind of trust is called a "living trust," so called because it becomes effective during the lifetime of its maker; and this is a term that emphasizes its great basic difference from the testamentary trust. Other names are: "immediate trust," which is a good descriptive phrase also, for there's no waiting to die about it; and lawyers like to use the Latin "inter vivos," indicating that it is a transaction "between the living." Another choice is "trust under agreement," whch serves to keep the mind straight on the fact that it's not a trust under will. Since English is a restless language and proud of its variety, writers on trust law usually hop from the one term to the other with abandon, and I do not hope to be an exception; though the plain truth is that we should unite on one descriptive word or phrase to avoid confusion.

PEOPLE come to our office with an idea that there is something magical about trusts; and there *is* magic in the word "trust," for, as described in an earlier article, there is a great body of law grown up around the word, embodying standards of conduct having no counterpart in any other business relationship. Legislate the Golden Rule and you have the law of trusts. But this isn't the kind of magic our customers have in mind. They are thinking of tax magic; and right at the beginning we have to disabuse them. There was plenty of tax magic once, but most of it has rubbed off. We do our disabusing in a series of steps; and we begin with some further definitions:

All trusts under agreement are either:

(1) revocable,

(2) irrevocable, or

(3) fuzzily somewhere in between.

A *revocable* living trust is one that can be revoked—that is, called back—or terminated or changed in any way by the maker of the trust absolutely at his own will; there are no limitations whatsoever on his right to change his mind. It is only fair that so tenuous a device for holding title to property should be construed as effecting no change in the real ownership from the tax point of view. So, if a man creates an immediate revocable trust for the benefit of his wife or children, or his aged aunt, the income of the trust will be taxed to him as if it belonged to him—which it essentially does, since he can shut it off at any time. Similarly, the principal of such a trust will be included in his taxable estate when he dies, for right up to the moment of death he has the right to take the trusteed assets back and let them be distributed according to his will, or according to the law that would govern the division of his estate in the absence of a will.

Consequently revocable trusts are lacking utterly in tax-appeal, but they do offer certain other advantages. A revocable living trust can operate very much like a will; thus a man can turn over most of his assets to a trust company under such

an arrangement; can direct the trust company (if he wishes) what to buy and sell; or he can rely on the trust company to do the investing. He can receive the income or instruct that it be paid to others. Then, upon his death, the trust can be continued for the benefit of his family, just like a trust under his will. The trust agreement directs how the principal shall be distributed eventually—and the "eventually" can be right after his death if he doesn't want a continuing trust.

What does a man "buy" with such a trust? He buys investment management, for one thing, and freedom to devote himself to professional or business affairs, or the enjoyment of leisure. He buys privacy as to family affairs, for the living trust agreement is a private contract, not spread upon the records of the probate court. He buys economy, for the costs of probate are avoided insofar as they are computed on a percentage basis; the trust assets do not "pass through" the probate court. Perhaps the most valuable of all: he buys a testing. If the trust is one he intends to be continued for the protection of his family, he gains the opportunity to see how the trust works—and how the trustee works—what are its policies, its attitudes. Since the trust is revocable, if there are errors he can correct them; if there is grave fault he can cancel out the whole arrangement. Few do, for the trust company will wish the trust to be well planned and will wish to be sure that it satisfies a genuine need.

We go on to the *irrevocable* living trust. In its pure form it can be compared to the biblical "laws of the Medes and the Persians." No "i" can be undotted, no "t" uncrossed. An irrevocable trust *can* save taxes—but it doesn't automatically save taxes. Obviously an irrevocable living trust couldn't save income taxes if the maker of it directed that the income be paid to himself. But suppose he has the income paid to some other person, such as a minor child, whom he has a legal obligation to support? It's just as if it were paid to him, says the law, and so it's taxable to him. Then there have been cases where by one device or another the maker of the trust controlled its investment policy so tightly that he could practically turn income on or off as if he were twisting a faucet. Tax the income to him, say the courts and the United States Treasury's regulations.

Parenthetically it might be commented that one reason why such nice distinctions as these are drawn in the law is that too many sophisticated taxpayers have crowded too close to the line of nontaxability. They have pushed legal theories to strictly logical limits but beyond the limits of normal family practice. They have embraced complex and artificial schemes—and retribution has descended.

So much for income taxes; the same general principle applies to inheritance and estate taxes. If the maker of the irrevocable trust will cut loose all the strings that tie the trusteed property to him, then these "death" taxes may be avoided. Some one else must receive the income of the trust; the principal of it cannot revert to him; his death can have no effect upon the use or fate of the property comprising the principal of the trust. Irrevocability must be just about absolute.

Which brings us to the area of the "fuzzily in between" trusts under agreement. These could be trusts where powers of amendment or revocation may be exercised but only with the consent of parties having a "substantial adverse interest"—parties, in short, who could be hurt by any change. They could be trusts where powers of amendment are limited to administrative matters, such as definition of the powers of the trustee. In some states, statutes permit the dissolution of definitely irrevocable trusts with the consent of all interested parties—but for tax purposes these trusts generally are considered irrevocable. It would be futile, in an article so necessarily short as this, to try to explain the tax consequences of these ramifications. If any such are contemplated, the advice should be sought of a lawyer who specializes in taxation. This is really a superfluous caution, of course, for *any* trust arrangement, even the most freely revocable, should be entered into only on competent legal advice.

There are other special kinds of trusts under agreement, such as life insurance trusts, business insurance trusts, and employees' pension and profit-sharing trusts. These will be treated separately in later articles.

Tax Hint-of-the-Month

It's in Senator Taft's Will

The forthrightness and conservatism of Senator Robert A. Taft are reflected in his will, which was filed for probate in Hamilton County, Ohio. Lawyers and people in trust business have talked and written a lot about "formula" and "nonformula" clauses for taking the marital deduction. The formula clause is designed to squeeze the last ounce out of the marital deduction—right up to the penny of the mathematical maximum, as of the very date of death. The nonformula approach is one that is satisfied with approximations. Each has its advocates, and they argue spiritedly.

Senator Taft's solution was no less exact than that obtained by the most complex and circuitous formulas, yet he went to the heart of the matter directly; he used a formula of a sort, but it was simply expressed.

In "Item I" he gave his "personal effects and other tangible personal property" to his wife. If she had predeceased him they would have been divided, according to the will, among the children —four sons.

Then "Item II" began: "If my wife survives me, my Executor shall set apart and transfer to my Trustee . . . assets of my estate having a value which, when added to the value of the assets bequeathed to her under Item I and to the proceeds of any life insurance on my life received by her by reason of my death which is either payable to her or over which she has an absolute power of appointment upon her death, will equal forty-nine per cent (49%) of the value of the assets of my estate."

(Now this isn't exactly read-as-you-run language, but it's primer-language as compared to some of the more complicated formulas.)

Next it was directed that the assets so transferred should be held in trust; the income should be paid at least quarter-annually to the wife; upon her death, the trustee should "distribute the principal of the trust estate to such person or persons (including, if she so determines, her own estate) as she shall by her will made after my death, which will specifically refers to the power hereby given, appoint." Then the trustee is authorized to utilize principal for the wife's benefit if she is incapacitated, or if her "income from all sources is insufficient to support her in her customary mode of life." If the wife should fail to exercise her power of appointment over the principal of the trust, or any part of it, then the unappointed principal would go along with Senator Taft's residuary estate. This residuary, consisting of 51 percent of the taxable estate, was directed to be held in trust, also, for the wife's benefit during her life. Upon the wife's death, the principal of the trust is to be distributed equally among the sons—the children of any deceased son to take their father's share. There were the usual administrative clauses, the usual provisions facilitating dealings with minors, and other technical provisions of more interest to lawyers than to general readers.

The will was dated June 12, 1953, which, according to newspaper reports, was two days after Senator Taft was told the nature of his illness—two days after he made his last appearance on the floor of the Senate. It was signed in Washington, apparently just before he left to re-enter New York Hospital; evidences of haste appear in the form of handwritten corrections and interlineations, marginally attested by the initials "R.T."

All in all, it is a typical will—typical, that is, of wills written since the Revenue Act of 1948 granted the boon of the marital deduction. By such a trust as he created in Item II, Senator Taft made it possible for his executors to deduct 49 percent of his taxable estate in computing the Federal estate tax; in short, his taxable estate was cut almost in half. He could have made the deduction 50 percent—exactly half. Why only 49 percent was taken, this writer doesn't know; and prefers not to know, cherishing the notion that somehow it was a gesture symbolic of conservatism, a nonreaching for the ultimate advantage.

THIS DEPARTMENT is addressed not only to bank personnel but to directors, and to the wives and families of both. Included in this section are short articles relating to estate planning and trust services, to economics and investments, and to taxes that affect the family.

It is hoped that these pages comprise a section of BANKING that you will want to take home for family reading.

No. 43 IN A SERIES OF FARM COMMUNITY BUILDER STORIES . . .

They Helped Pioneer an Industry

20 MILLION BIRDS IN COUNTY

N. E. Thomason, Vice-President, Etowah Bank, (left) has been working with broiler growers around Canton, Georgia, for 20 years. Hollis Horton, Purina Salesman, (at right) also is a member of the team that has guided the growth of this local industry. Picture was taken when Thomason and Horton recently toured the broiler unit at Purina's Research Farm, Gray Summit, Missouri.

A true pioneer in the broiler industry of the South, N. E. Thomason, Vice-President of the Etowah Bank, Canton, Georgia, is well aware of the great banking opportunities in the farm field. Thomason's bank started financing broiler growers 20 years ago, working through W. L. Lawson and Son, Purina Dealers.

The Lawsons know how to service broiler growers. They are guided by Purina's extensive broiler research and have their own broiler feeding operation. "We've made great progress in the broiler field," Thomason comments. "I can remember when we were glad to get a 2¾ to 3-pound bird in 13 weeks. Now we're getting the same size bird in only 9 to 10 weeks."

The 20 million birds makes Cherokee county the top broiler-producing county in Georgia. This big industry has boosted business in the county and has brought prosperity to many people not directly concerned with farming.

PARTNERS IN PROSPERITY

Many bankers are proud of the prosperity they bring to farming communities by sound financing of feeding operations in dairy, cattle, hogs, broilers, poultry and turkeys. If you are such a man, you will find your Purina Dealer and Salesman glad to work with you on a business-like basis. Your salesman has a portfolio of forms and finance plans that have proved sound and profitable for other bankers. If you'll call your Purina Dealer—the Store with the Checkerboard Sign—he'll be glad to have the salesman call without any feeling of obligation.

RALSTON PURINA COMPANY
ST. LOUIS 2, MO.

Speakers' table at the A.B.A. agricultural breakfast. ***Left to right:*** **A. G. Brown, A.B.A. deputy manager and director, Agricultural Commission; William J. Kinnamon,* Hunterdon County National Bank, Flemington, N. J.; Donovan E. Crouley,* Northwestern National Bank, Minneapolis; Jesse W. Tapp, Bank of America N.T.S.A., San Francisco (incoming chairman of A.B.A. Agricultural Commission); Charles T. O'Neill,** National Bank and Trust Co., Charlottesville, Va.; C. W. Bailey,** First National Bank of Clarksville, Tenn.; and Secretary of Agriculture Ezra Taft Benson [*members of Agricultural Commission; **former chairman of Agricultural Commission]**

News for Country Bankers

This department is edited by MARY B. LEACH *of* BANKING'S *staff.*

Benson Draws Big Crowd

THE agricultural breakfast of the Agricultural Commission held in Washington during the 79th annual convention of American Bankers Association drew the largest attendance in the history of these popular early morning meetings. Seven hundred and forty-eight bankers heard Secretary of Agriculture Ezra Taft Benson speak on "Progress in Agriculture."

"It is quite apparent to all of us," he said, "that present farm programs are inadequate.

"(1) They are inadequate because they do not build markets to put products into use at fair prices;

"(2) They are inadequate because they do not permit desirable adjustments to take place in our farm economy which will place the farmer on a sounder footing;

"(3) They are inadequate because they fail to provide sufficient incentive for self-initiative and self-help upon the part of the grower, the handler, the processor, and the end distributors;

"(4) They are inadequate because they do not encourage the best use of our agricultural resources;

"(5) They are inadequate because at times they price such commodities as wheat and cotton out of world markets, and dairy and other products out of our domestic markets;

"(6) They are inadequate because they tend to hold a price umbrella over synthetic and substitute products which in turn take over our farm markets.

"Plainly, a new program is needed." [See also pages 90 and 91.]

1000-Point Rating Awards

THE 1000-point rating award of the Agricultural Commission of the American Bankers Association was presented to 47 state bankers associations at the closing general session of the A.B.A.'s 79th annual convention in Washington. Last year all 48 states received this honorary award.

CCC Interest Rate Changes

CHANGES in the Commodity Credit Corporation program of financing and servicing CCC price support loans worked out jointly by representatives of the American Bankers Association, U. S. Department of Agriculture, and the Treasury Department were outlined in a letter dated October 13 to all presidents and directors of member banks by Everett D. Reese, president of the A.B.A.

The following changes were noted by President Reese:

(1) The interest rate will be 2½ percent for funds invested. In addition, a fee up to ½ percent per annum will be paid to banks which finance and also service individual CCC price support loans. In the case of grain and commodities similarly handled, this will provide a total rate of 3 percent to the bank that keeps its funds invested in the program and also services the loans. This 3 percent rate will apply retroactively to all 1953 crop loans which are being financed and serviced by the bank at the time the bank executes a supplement to the lending agency agreement.

(2) In the case of cotton, banks may continue to accept certificates of interest which bear interest at the rate of 2½ percent per annum. However, banks which continue their investment of funds in the cotton loans by accepting certificates of interest will be paid a fee of 8 cents per bale to cover the cost of disbursing and scheduling the loans. This fee will apply after executing a supplement to the cotton lending agency agreement.

(3) Banks handling grain loans but which do not desire to retain their funds in the program may continue to service the loans and receive the fees presently provided in the lending agency agreement.

(4) CCC will establish a pool of outstanding loans on agricultural commodities, other than cotton, originally disbursed by CCC or purchased by CCC from lending agencies acting under lending agency agreements. Certificates of interest will be issued to evidence participation

Agricultural breakfast speakers' table continuation. *Left to right:* W. W. Campbell, National Bank of Eastern Arkansas, Forrest City (retiring chairman of Agricultural Commission); Otis A. Thompson,** National Bank and Trust Co., of Norwich, N. Y.; John T. Yantis,* First National Bank in Brownwood, Tex.; R. N. Downie, Fidelity State Bank, Garden City, Kan. (chairman, Subcommittee on Agricultural Credit of the Committee on Federal Legislation); Floyd E. Lull,* Smith County State Bank, Smith Center, Kan.; Donald E. Brown,* Carolina National Bank, Anderson, S. C.; and Harry W. Schaller, Citizens First National Bank, Storm Lake, Ia. [**former chairman, Agricultural Commission; *Commission members]

in such pool and banks will be offered the opportunity of obtaining such certificates. These certificates will be freely negotiable, will bear interest at the rate of 2½ percent per annum, and as unconditional obligations of the CCC will be redeemed prior to maturity by CCC promptly at any time upon demand.

Wisconsin's Forestry Kit

As a followup to the forestry tour of the Wisconsin Bankers Association at Eagle River, Wisconsin, in August, John Stauber, WBA president, sent a forestry information kit to every bank in the state. The kit included the following material:

An address by William E. Rutz, president, Wisconsin State Chamber of Commerce and executive vice-president of Giddings & Lewis Machine Tool Co., on "The Businessman Looks at Forestry"; a resume of forestry facts pertaining to the State of Wisconsin; the A.B.A. Agricultural Commission's "Forestry Projects for Local Bank Sponsorship" booklet; and a folder outlining procedure to be followed in setting up a bank-sponsored mechanical tree planting machine program.

During the Eagle River encampment, the 40-odd bankers attending adopted a resolution to the effect that the forestry tour should be an annual event and recommended that a forest economist be added to the staff of the Federal Reserve Bank of Minneapolis.

Mr. Stauber is vice-president of the Citizens National Bank, Marshfield.

6,000 Children at Bank Exhibit

Six thousand children visited the tent exhibit of the Crawford County Trust Company of Meadville, Pennsylvania, during the Crawford County Fair and signed up for the drawing for a free pony. The contest was announced by the bank in a newspaper advertisement illustrated with a picture of a small boy riding the pony. This was one of the reasons why the Crawford Trust exhibit was the most popular display at the fair.

The Trust Company also awarded eight trophy cups to 4-H and FFA members whose livestock entries won top honors at the fair. The trophies were on display in the bank's lobby for a week and were then shown at its tent exhibit at the fair grounds for the duration of the fair.

"This program," Assistant Vice-president Norman A. Hodgson said, "is motivated by the firm conviction that the farm youth should be given recognition for the good job they do in fitting and showing their livestock. The trophy cups serve as an incentive to do an even better job."

Stanley B. Aldrich, president, Crawford County Trust Co., Meadville, Pennsylvania, examines his 4-H and FFA winner trophies. This photograph was used by the bank in a newspaper ad to call attention to its participation in the Crawford County Fair

Ohio's New Youth Plan

A new farm youth educational plan has been offered to its members by the Ohio Bankers Association. The broad outlines of the plan follows:

In 76 Ohio counties there are now FFA chapters and every boy enrolled in the Vo-Ag course is required to keep detailed financial and production records on his classroom and home projects. The OBA hopes to be able to get an expansion of the record-keeping to the extent that each boy would write an explanation of how his own farm program was financed.

The association further proposes that on completion of the record project (about the year end), members of each chapter would select the three best record books and financial analyses. From these three, the chapter winner would then be chosen by a committee which would probably be composed of a school official, a farmer, and a banker. The OBA will provide detailed rules and

score cards for use in judging the entries.

Students whose records are judged to be the best in their respective chapters will be given a $10 savings account by their local banks, plus any other recognition the local sponsors may wish to give. Later the records of these chapter winners would be judged in competition with each other and additional awards made in each OBA group area.

John D. Bainer, president, Merchants National Bank and Trust Co., Meadville, Pennsylvania, *left*, presents a $50 award to Roger Rockwell, FFA member, Bloomfield Township, in recognition of his being the first county FFA member in 25 years to win a place on the dairy cattle state judging team. Mr. Rockwell's financee, Beth Magee, *second from right*, and County Supervisor of Vocational Agriculture D. L. Crum, *right*. Following their marriage in October, the Roger Rockwells spent the award honeymooning at the National Dairy Congress in Waterloo, Iowa.

Livestock Committee Reports

"THE cattle and calf slaughter rate approximately equals the current production," said Harold F. Breimyer, of the Bureau of Agricultural Economics, U. S. Department of Agriculture, at a meeting of the Livestock Committee of the A.B.A.'s Agricultural Commission in Chicago.

"Little change will be reported in inventories next January," he said. "Prospects are for roughly the same, or slightly smaller, beef supply next year than this. Pork will remain in small supply until about the middle of the year. Total meat consumption for 1954 may drop a bit from 1953. At these supplies, prices may be expected to show more stability than in 1953 unless demand for meat should weaken. Cattle prices will not regain their levels of a year or two ago, but might bring to an end the continuing declines of the last two years."

The Livestock Committee met primarily to review the final draft of a manual entitled *Livestock Financing*, which it hopes to complete by the early spring.

The Committee announced its decision to continue financial support of an annual conference at Purdue University of agricultural and industrial leaders allied with or closely related to the growing, processing, or marketing of animal foods. The 1954 meeting will be held at Purdue on April 26 and 27.

Also receiving attention at the Chicago conference were twin bills (S. 2548 by Senator Aiken and H. R. 6787 by Representative Hope) introduced in the 82nd Congress before adjournment. These bills, if enacted, would compromise the longstanding dispute between the USDA and cattlemen and sheepmen over grazing rights on Forest Service public lands.

The Committee adopted this resotion commending the USDA:

"The Livestock Committee commends the USDA for its beef purchase program designed to take off the market up to 200,000,000 pounds of lower grades of beef. Due to the continuing drought emergency in many areas, the Committee recommends that this program be continued and expanded with due consideration to available funds from the Treasury and outlets for processed beef. Further, the Committee recommends that the USDA should intensify and emphasize its publicity program with regard to present and prospective purchases to build confidence in the industry."

The A.B.A. Livestock Committee and invited guests meeting in Chicago. *Clockwise around table:* LeRoy Abbott,* The Guardian State Bank, Alliance, Nebr.; Wm. E. Drenner,* First National Bank, Memphis; H. W. Schaller, Citizens First National Bank, Storm Lake, Ia.; L. G. Galland,* Valley National Bank, Phoenix; T. L. Westra,* Northwest Security National Bank, Sioux City; A. G. Brown, A.B.A. deputy manager; D. E. Crouley,* Northwestern National Bank, Minneapolis, chairman; E. T. Savidge, secretary, Agricultural Commission; N. J. Wall, BAE, U. S. Department of Agriculture, Washington; A. C. Magee, Texas A. & M. College; Jesse W. Tapp, Bank of America, San Francisco, and chairman, A.B.A. Agricultural Commission; H. F. Breimyer, BAE, U. S. Department of Agriculture, Washington; and V. S. Marett, Gonzales (Texas) State Bank. [*Members Livestock Committee. Member John A. Reed, First National Bank, Kemmerer, Wyo., is not shown]

OSCAR

Another Cartoon Booklet

CARTOON booklet No. 12 in the Canadian Bank of Commerce's farm betterment series is entitled "Trees on the Farm—Woodlots and Shelter-Belts Pay."

This booklet, like its predecessors, presents the story of forestry conservation and reforestation in an engaging manner with a minimum of text interspersed with cartoons.

Vermont Marks Forestry Week

FOLLOWING the designation of Forest Festival Week by the Governor of Vermont, the Committee on Forestry of the Vermont Bankers Association called upon VBA members for full cooperation.

It was suggested that the banks notify their country foresters and county agricultural agents that they were interested in participating in activities, such as field days and farm tours planned for their respective areas.

An Easy Way for Farmers to Build Reserves

CHARLES E. WATTS

MR. WATTS, *who is president of the Commercial State Bank of Pocahontas, Iowa, after 42 years of country bank experience is imbued with the importance of the farmer's building reserves (1) in the soil through conservation, (2) in better farming practices, and (3) in his bank account through thrifty management of his income. This is a doctrine which he advocates to his farmer customers.*

With the modern tractor and combine, one man now does the complete harvesting job in one operation. This job formerly required a crew of men performing three separate operations — cutting, shocking, and threshing

WHEN you see a nice, shiny tractor rolling in a businesslike way down a farmer's field pulling a grain combine it comes as something of a shock to realize that these two machines at present prices represent an initial investment of about $4,000. In 1940 the price was about $2,875.

Then, if you will compute the cost of a reasonably complete set of farm equipment for a 160-acre Iowa farm, you will get a greater shock when you find that this comes to $13,000 to $14,000 without including a second tractor, a hay baler, or a pick-up truck which are rather common equipment items on the average farm. In 1940 this same equipment cost about $8,500. The farmer will be obliged to replace his tractor within the next 10 years and the entire equipment in 10 to 15 years. He has a real replacement problem coming up.

Most farmers have not taken time to check up on their total machinery replacement cost. They do not realize the size of the bill they face in the future nor have they made any provision in the way of reserves to lighten the burden of these future purchases. Since 1940 this rapid change-over to power farming has been made possible without too much financial pinching. Income from farm products has risen quite rapidly from the 1940 levels. At the same time operating costs have risen more slowly. This generous margin of profit has permitted the farmer to buy new equipment much faster and easier than under normal conditions. A large share of farm income has gone into machinery.

Charles E. Watts

Farm Prices Down; Costs Rise

However, within the past two years farm prices have not only quit rising, they have gone down while operating costs continue to rise. This narrows the profit margin and there seems to be little promise that these costs have reached their peak. Tractors, bought in 1940 to 1943 and later for around $1,575, are being replaced at a cost of $2,875 up to $3,600 (the price of a diesel). This means an additional outlay of $2,300 to $3,000 or more above the trade-in value of used machinery, largely borrowed.

In 1950, the average cash income per farm unit in Iowa was $10,183. That income was somewhat lower in 1951-1952. Using the $10,000 figure for gross income, it is apparent that depreciation on the farmer's $13,000 to $14,000 investment in machinery will take about 10 percent of the gross income of the farm each year. If the farmer is a tenant on a half-share basis, machinery depreciation would take about 20 percent of his gross income. Inasmuch as this situation has crept up on the farmer in a period of rising prices, few of them realize the size of the replacement bill they face. The nearest most people come to the problem is when they deduct machinery depreciation from their income tax.

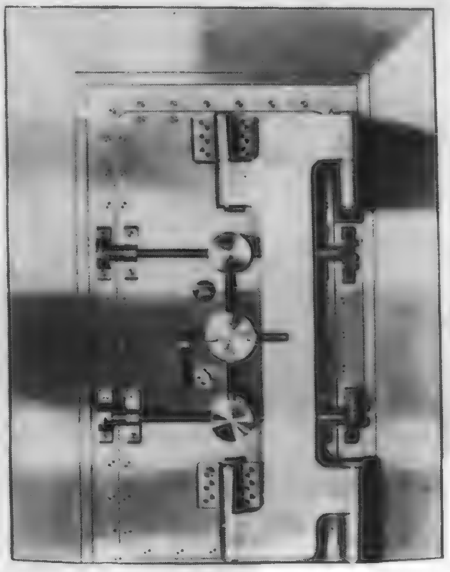
Before World War II, investment in machinery by most farmers was very nominal and few felt the need for reserves. Times and prices have changed but the thinking has not. In checking farmers' financial statements it is very rare to find anyone who has set aside funds specifically as a reserve for machinery replacement. Most farmers take the position that they will face the problem somehow when the time arrives.

Educational Task for Bankers

Here is an educational task for bankers in our farming areas. It is important to point out to farmer customers the need to build reserves for replacement of their machinery and show them an easy, systematic plan for accumulating those reserves.

There is no regularity to a farmer's income unless he happens to run a dairy farm. When he sells hogs, cattle, grain, or other crops,

(CONTINUED ON PAGE 127)



PROTECTION DO Go in Diebold-*York*

With Diebold-York, protection is still first.
But our engineers have kept the design and appearance of Diebold-York products current with trends in design.
One look at a Diebold Vault Door, Drive-Up Counter—or any equipment bearing the Diebold-York label—
and you'll agree: Here, truly, is Beauty in Steel!

Diebold
INCORPORATED
Pre-eminent since 1859

24-HOUR SERVICE FROM COAST TO COAST

AND BEAUTY *Together* EQUIPMENT

Long recognized as the leader in the design and construction of protective equipment for financial institutions, Diebold-York can supply every protection need with a unit that will harmonize with the most advanced ideas in building design. You'll always be proud if it's Diebold-York!

SERVING BANKERS FOR 95 YEARS
General Offices and Plants
CANTON 2, OHIO
Offices in all principal cities

BY FACTORY-TRAINED EXPERTS

"An Opportunity . . . a Responsibility"

TWELVE new advertisements, designed to increase understanding of the free enterprise system, have been prepared by the American Bankers Association Advertising Department for local use by banks.

Headings of four of the ads are reproduced on this page. Copy fits in with the heading theme. For example, under "Here comes a Capitalist" the copy says: "It could be the president of a big corporation . . . or the president of a bank . . . or the President of the U.S.A. But it isn't any of these. It's the worker who helped build the car he owns . . . who has stock in the company he works for . . . and cash in the bank for the future.

"In America everyone who earns and saves is a capitalist—a stockholder in the free enterprise system that makes America's standard of living the highest in the world. Working and saving in this way produces lasting benefits for all.

"So when someone calls you a capitalist, stick out your chest. He's saying that you are a member of the American productive team. Who wants to be anything else?"

IN a letter accompanying a folder containing the 12 ads, which is being mailed to all Association members, A.B.A. President Everett D. Reese says:

"Today our free enterprise system is being challenged. In the conduct of our banking business we have an opportunity and a responsibility to prove that our system is the best plan yet tried, because it does more for more people.

"By soundly and constructively financing business, we will improve production, broaden distribution, help to reduce costs, and increase the standards of living. But we must not stop there. We have a further responsibility to explain the advantages of the American system to the general public.

"Sound decisions stem from the combined, intelligent thoughts of an informed citizenry. Thus by helping the public to gain a better understanding of the way our free, competitive enterprise system functions, we can render our communities an important service.

"One method of reaching the public with fundamental facts is through informative newspaper advertisements published in the local press. To help member banks start a program of this kind, your A.B.A. Advertising Department offers the enclosed special series of newspaper ads . . ."

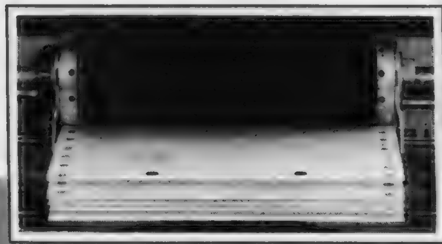
THE ads can be run by individual banks or by groups or clearing houses. They can be used as a public service or can include a reference to particular bank services to the public. Mats furnished to those who desire them are available in three columns (6") by 10" or two columns (4") by 7". The larger size is recommended.

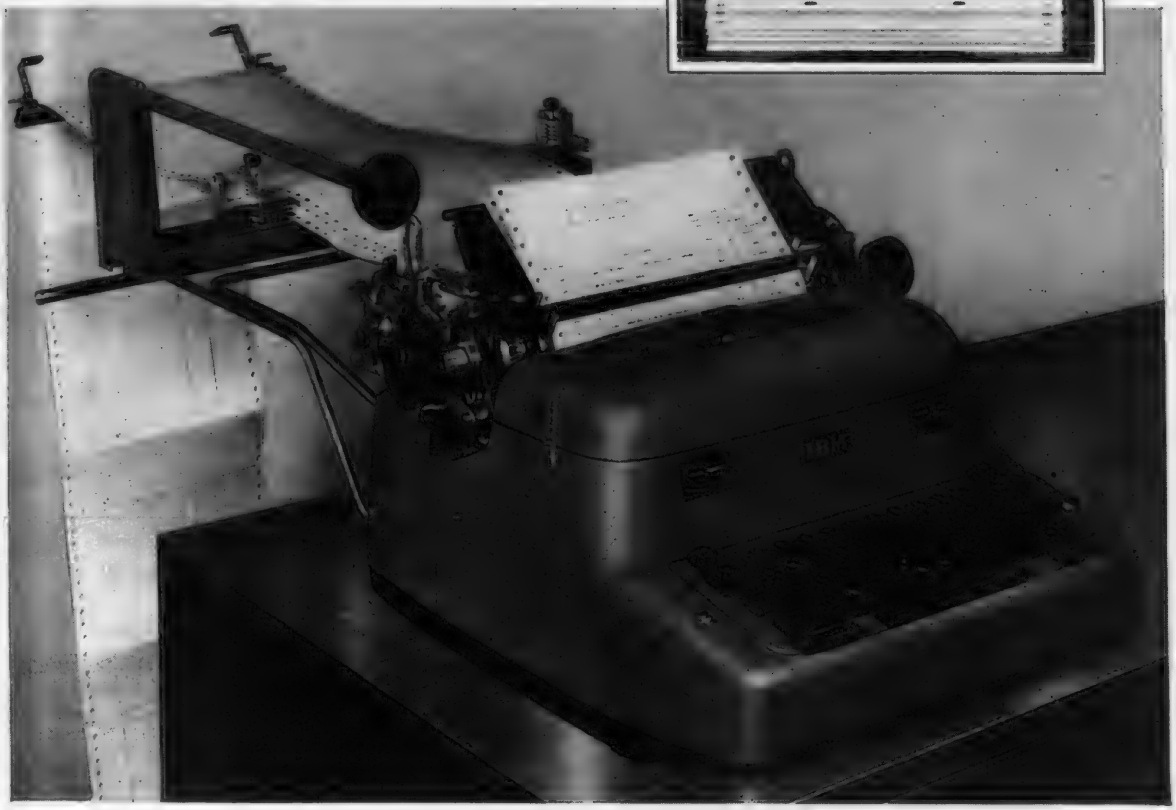
The headings of four of the ads in a new A.B.A. series are reproduced below and at the top of this page. Copy extols the free, competitive enterprise system. Mats may be had for either 3-column or 2-column use in local newspapers. Reproductions of the ads are being sent to all Association members, together with a letter, quoted above, from President Reese

Now... IBM ELECTRIC FORMSWRITER HAS

NEW PIN FEED PLATEN

giving you both extra carbon economy and accurate registration of forms





Here is great news for every user of multiple-copy continuous forms! IBM's new Pin Feed Lift Platen enables you to use marginally-punched continuous forms, assuring accurate alignment from line to line and set to set, while enjoying the speed and carbon paper savings of the IBM Electric Formswriter.

When one form is finished, carbons are shifted to the next set which is held firmly in registration by a series of tapered pins.

By holding the forms firmly in alignment, this new IBM exclusive feature makes it possible to produce more legible work, faster and without the fuss and bother of constant manual adjustment. It also provides a saving in paper and printing costs since forms can be designed more compactly.

IBM
TRADE MARK

INTERNATIONAL BUSINESS MACHINES • 590 MADISON AVENUE, NEW YORK 22, N. Y.

Financial Men welcome these "HOT-OFF-THE-WIRE" FACTS

In March of 1951, after the Treasury Department and the Federal Reserve reached their "accord", monetary trends assumed renewed importance in making business decisions. As a result, James N. Land, Mellon Vice President, and J. W. St. Clair, Assistant Cashier, started an up-to-the-minute fact sheet on monetary trends and the money market for the use of our own organization.

One day, the treasurer of a large corporation happened to see one of these photostated sheets. He was interested in the type of information it contained and asked if he could receive copies regularly. That gave our people an idea. They checked the chief financial officers of several other industrial customers of the bank. Would they too be interested in a service of this kind? Most said that they would. So our Mellon Bank publication, "Monetary Indicators", was developed.

Issued under Mr. Land's supervision, this folder condenses a wealth of timely information into readily-usable form. It contains enough comparative figures to lend perspective and includes supplementary comments to aid in interpretation. Most important, this data reaches the men who can use it on the *next business day* after the facts are compiled.

The information is gathered from twenty-two primary sources. Special data is received by wire from the Federal Reserve Board in Washington and from Government bureaus. All of it is the latest available, edited and distributed on the tightest possible printing and mailing schedule.

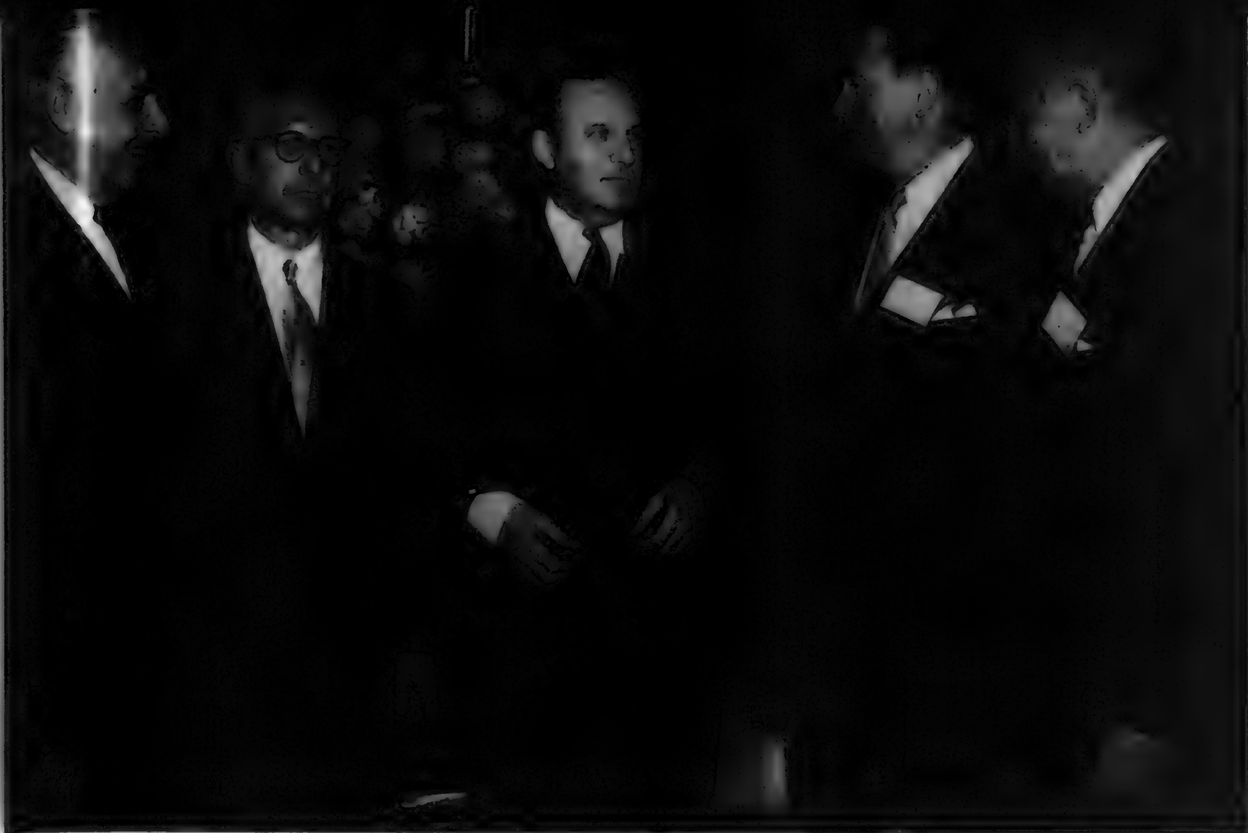
★ ★ ★

If you would like to see a copy of "Monetary Indicators" to decide whether its data can be useful to you, a sample will be mailed upon request.

MELLON
NATIONAL BANK
AND TRUST COMPANY
PITTSBURGH

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CAPITAL $60,100,000 **SURPLUS $150,000,000**



HARRIS & EWING

AT CONVENTION'S END—*Left to right:* **Executive Vice-president Stonier, President Reese, ex-President Brenton, Vice-president Livingston, Executive Manager Selecman**

Speaking Up for Sound Money

JOHN L. COOLEY

THE general who lived in the white house at Mount Vernon gave this counsel to his countrymen on September 19, 1796:

"As a very important source of strength and security, cherish public credit."

Another general, who today lives in the White House a few miles up the Potomac, said to the 79th convention of the American Bankers Association in Washington on September 22, 1953:

"Your coming here brings to the Government a very great opportunity for cooperative work in this whole field of finances and the soundness of money and its circulation and its use."

George Washington, in his Farewell Address, and Dwight D. Eisenhower, welcoming the bankers to the capital, used different words on far different thresholds to history—but perhaps the two Presidents weren't so far apart, after all. Both meant that the American people must work together to preserve the basis of a free economy, sound money.

President Eisenhower's phrase "cooperative work" might be taken as the keynote of the great convention that brought 7,300 delegates and their wives to the capital. Representing the Association's 16,873 member banks and branches, they were urged by various speakers to go home and "speak up" for sound money. In the words of W. Harold Brenton, the Association's retiring president, they should become "fiscal agents for a sound economy in their communities."

A Refresher Course

The bankers spent four busy days in Washington. The program, they found, was a refresher course in the economic and financial problems facing their business and their country. Enlightening and educational, it gave everyone something to think about—and everyone a job to do.

The delegates also put into harness the team that will direct the Association's work during the year 1953-54, electing as president Everett D. Reese, president of The Park National Bank of Newark, Ohio, and as vice-president Homer J. Livingston, president of The First National Bank of Chicago. The Executive Council, at its final meeting, named Sherman Drawdy, president of the Georgia Railroad Bank & Trust Company, Atlanta, to the office of A.B.A. treasurer.

UNITED PRESS

Messrs. Brenton *(left)* and Selecman *(right)* with the President and Secretary of the Treasury after the former's address to the convention

Bankers Can Help

Other Association conventions in recent years have spoken up for sound money; this one appeared to feel that the time had arrived when something could and would be done about it, and that the bankers could and should assist.

"We have an Administration that by its actions and its statements," said Mr. Brenton in his presidential address, "shows that it is working hard for a sound, stable economy. This can be achieved only if people understand what the Administration is working to accomplish and why it should be accomplished. . . . Bankers must help remove the mystery that surrounds the maintaining of sound money."

Everett Reese, the new president, put it this way in his inaugural:

"It is essential that we, as bankers, provide financial leadership of the highest type and help to inculcate a clear understanding of the sound principles of money and finance. . . . We should support consistently those in Government who are trying to reduce expenses, cut taxes, eliminate bureaucracy, and foster a democratic form of government. An enlightened and progressive banking system must play its part in maintaining full employment and perpetuating a sound and ever increasing prosperity for all our people."

Bankers were urged by convention speakers to answer unjust criticisms of themselves, of "bankers in government," and of the sound money program; to support actively sound money policies; to pass along "the real facts;" to tell the public what is happening in the changing monetary climate and explain the alternatives; to expose demagoguery—in short, to cooperate.

Balanced Budget, Monetary Policy, Foreign Trade

The convention, in a resolution declaring that "a balanced budget is essential to the maintenance of a strong and stable economy," went on to say that in balancing the budget "emphasis should be placed upon improved efficiency and elimination of waste in every phase of governmental activity.

"We heartily approve the progress being made in this direction," it concluded.

Another resolution—this one on monetary policy—asserted that developments since the Federal Reserve-Treasury accord of 1951 had "demonstrated the importance to the public welfare of flexible monetary policy, including flexibility of bond prices and interest rates."

"During this period," the resolution continued, "the Federal Reserve System has properly permitted such expansion of credit as has been required to finance increased business activity. At the same time, its policy of permitting some tightening of credit conditions has been effective in discouraging an excessive and inflationary expansion of credit. This policy has been an important factor in stabilizing the value of the dollar and should help to sustain future employment and production."

A resolution on foreign trade expressed the convention's belief that "the United States should live up to its international responsibilities as the world's greatest creditor and producing nation by continuing to open its markets increasingly to foreign goods.

"Such a policy," it added, "will help to create a larger volume of world trade, the eventual restoration of freely convertible currencies, and stronger economies in the United States and other nations of the free world."

Extension of the Reciprocal Trade Agreements Act and enactment of the customs simplification law were endorsed, and the resolution urged that "all practicable steps be taken to demonstrate to the world our determination to lead in the cooperative effort to expand international trade for mutual benefits in prosperity and security."

(The text of the convention resolutions appears on page 86.)

President Eisenhower

In greeting the delegates, President Eisenhower took the opportunity to thank the bankers for their work in selling Savings Bonds. The fact that more than 40,000,000 people now own more than $50-billion worth of Government securities, he said, is evidence that "there is still in our country the incentive and the determination to save, an incentive and a determination that have been responsible for so many of the good things this nation enjoys.

"Beyond this," the President continued, "your coming here brings to the Government a very great opportunity for cooperative work in this whole field of finances and the soundness of money and its circulation and its use. . . . I want to assure you . . . that this is not an Administration that thinks it has all the

answers. It is not an Administration that sits up in an ivory tower of lonely isolation and gives words of wisdom that all others must obey or be wrong. We are here not only to do our duty in government but to learn, and through such meetings as this we learn a lot.

"You people, with your fingers on the pulsebeat of the American economy, come here, and by your presence and by your exchange of thoughts among yourselves and with us, will leave us, we hope, wiser than when you came.

"So for this kind of thing I come before you and thank you for your help and for your patriotic interest in the whole American scene and what it is doing and where we are going. These are the things that interest America today, and they are going to be solved only as we each, all segments of our economy and our great political life, meet with each other, consult with each other, and therefore reach answers that are truly American, all American, not representative of any particular class or group alone, but for all of us."

Progress Reports on Fiscal Operations, Debt

From the Secretary of the Treasury, George M. Humphrey, and his Deputy, W. Randolph Burgess, the convention heard progress reports on Treasury fiscal operations and debt management.

Asserting that sound money was based on three principal pillars, "a proper budget policy, a properly functioning Federal Reserve System, and proper debt management," the Secretary said:

"We have turned the corner in attempting to get our Government's finances in hand. For the first time in the past few years we are planning to spend less this year than in the year before. The sharply rising curve in Federal spending has now turned downward. This is a very encouraging development. If we can reach a current balance in our cash income and cash expenditures by the end of this fiscal year, it will be much better than we had dared to hope for six months or a year ago."

A balance between the country's military and economic security must be achieved, Mr. Humphrey told the convention. "We cannot move as rapidly as we would like, but our course is plain, our objective is definite, and we will achieve it with only the time necessary to be sure of the safety of our actions as we move toward it."

"Good Money Makes Good Times"

"The balance between the money and credit supply and the actual flow of goods in commerce," he said, "is best maintained by letting the price of money rise and fall with the demand for money. At the same time our Federal Reserve System can and should use its powers to keep the market for credit orderly and to avoid excesses in either direction, to avoid either deflation or inflation. . . . The Federal Reserve System has no 'hard' money policy. It is a good money policy. It is free to allow the demand for money to have its normal and natural effect and to supply funds to keep pace with normal growth. It believes, as we do, that good money makes good times."

Mr. Humphrey said it was the Treasury's "firm intention to offer more intermediate and long-term issues at opportune times."

"We will use care, of course," he continued, "not to press the market in competition with state, municipal, and private financing which is at a peak of demand at the present time. . . . It is also our goal to move at opportune times a portion of the debt out of the banks into the hands of private investors."

National prosperity, the Secretary stated, "can only be assured by sound money, for prosperity that is not based on sound money is illusory, fleeting, and sure to end in disaster. We shall continue to press resolutely toward our goal of high employment and sustained prosperity."

Avoiding Inflation and Deflation

Mr. Burgess, whose job is management of the Federal debt, said "the amount, the character, the placing and the timing of public debt moves add up to pressures for inflation or deflation."

"We want to avoid both," he added.

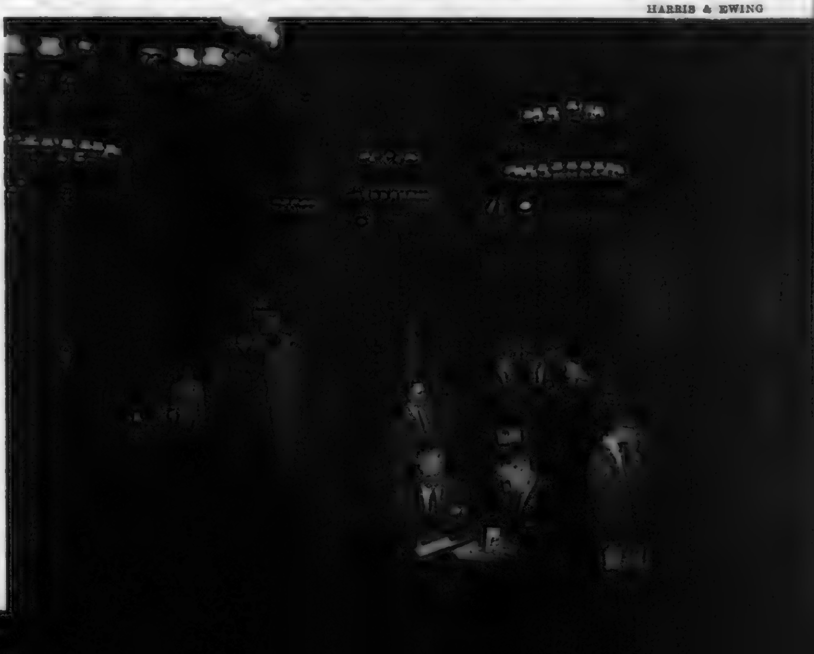
The net result of the Treasury's operations in 1953, Mr. Burgess said, was that "we have been able to finance this year's huge deficit without any net increase in bank holdings of Government securities and, hence, without any increase in inflationary pressures due to that cause."

"The Government debt would be more orderly, the dangers of inflation and deflation would be reduced, the risk of interfering with the steady flow of funds into productive use would be less," he explained, "if the bank-held Government debt were smaller and better distributed over a period of years. The experience of the September refunding offers hope that, under suitable conditions, this can be brought about."

Debt management, Mr. Burgess asserted, "should aid and not impair the dynamic growth of the economy," and it must not "impede the free flow of funds into business enterprise. Its policies should encourage sav-

The registration room in the United States Chamber of Commerce Building

HARRIS & EWING



HARRIS & EWING
Secretary Humphrey addressing the convention's first session

ing, for saving provides the capital basic to growth."

"We have been able to finance this year's huge deficit," he said, "without any net increase in bank holdings of Government securities and, hence, without any increase in inflationary pressures due to that cause. . . .

Jolts in the Market

"The few steps we have taken toward spreading out the debt, together with other pressures for funds and the Federal Reserve policy of mild credit restraint, have caused some jolts and bumps in the market. Some of these have been unpleasant, particularly for holders of long-term Government bonds, who have seen the prices of their securities depreciate in the market. Most holders, including bankers, have taken the price change in good spirit and with understanding, as one of the normal risks of investment."

"You can't move from an inflationary financing policy to a sound one without some readjustment," Mr. Burgess warned, adding: "Sound, honest money cannot be achieved without paying some price, and it is worth the price."

Inform the Public!

Through the convention program ran the theme that the bankers themselves must carry the sound money message to the country. Several members of the Association's official family spoke emphatically on this point.

"It is important that we lend moral and substantial support to the maintenance of a sound dollar," said Wendell T. Burns, president of the Savings and Mortgage Division, and senior vice-president of the Northwestern National Bank, Minneapolis. "If we are to encourage savings we must stand firmly for maintenance of the value of those savings."

T. Allen Glenn, Jr., president of the National Bank Division and president of the Peoples National Bank, Norristown, Pennsylvania, had this to say: "We, as individual bankers, either are entirely reticent about expressing our views in support of sound money policies, or, as in the case of a few of us, we are selfishly critical because the intermediate results of the change have hurt us a trifle here and there." Bankers, he asserted should be "proud to support" a sound money policy.

Robert A. Wilson, president of the Trust Division and senior vice-president of The Pennsylvania Company for Banking and Trusts, Philadelphia, told the trustmen: "After years of artificially low interest rates and cheap money which were threatening our economy, we find an Administration in power which is courageous enough to fight the tide of inflation and work toward the return of a sound economy. Already we are noticing an increase in the purchase of United States Savings Bonds. . . . We are now witnessing restored confidence in the dollar, with the result that investors are again being attracted to bonds. The American public must be informed of the real facts and must understand the attempt of the present Administration to restore the soundness of the dollar."

The Job Must Be Done—Right Now

From other speakers came comment emphasizing the educational job. Governor J. L. Robertson of the Federal Reserve System told the Trust Division meeting: "The 'banks,' as we all know, will not realize a windfall from the change in interest rate patterns. . . . We also know that today's higher interest rates are in no sense an end in themselves, but are simply, in view of the great volume of demands for credit, an inevitable accompaniment of a very honest effort to reestablish the dollar as a dependable standard of value. . . .

"That is, very roughly, the basic truth of the money market situation in 1953. We know it. But the American people, generally speaking, do not know about it. It is difficult to present these facts in dramatic form, whereas the superficial appeal for tears on behalf of the 'harassed taxpayer' or 'struggling home owner' is only too easy to present and to comprehend.

"Therein lies the task that confronts us: to bring about broader public understanding of the essentials of a very complex problem. It is a difficult task, but a task which we must perform—and right now—or be ready to accept the consequences.

"Our task, yours and mine—and I hope the critics will join us in it—is not to try to 'sell' Federal Reserve policies and action, but rather to help the American people get what they are entitled to: a fair understanding of what is happening in the monetary field, and why, and what the alternatives are. A man who does not know may be misled by a 'tag' applied for prejudicial purposes, a tag such as the 'hard money policy' or the 'easy money policy,' or something else."

Governor Robertson said it would be "unfortunate if monetary policy should be made the subject of demagoguery or used as a political football, because it is perhaps as important as any single factor (other than war) affecting the economic welfare of the people."

"Our Big Problem"

The Comptroller of the Currency, Ray M. Gidney, asserting that "the present Treasury team is making vigorous efforts for a sound and honest dollar," said: "Our big problem is to keep the wheels of business and industry turning at a healthy rate, and that should be made possible of accomplishment if we preserve the financial and fiscal health of our economy by working

toward budgetary balance and keeping the supply of money and credit in balance with the requirements for a desirable level of production."

"All bankers," said Mr. Gidney, "have a part to play in making the affairs of the Government go smoothly. This obligation is not limited to purchasing Government securities. Their great obligation is to keep well informed themselves and to help inform the public on the fundamentals of finance as applied nationally."

"Bankers in Government"

President Brenton was one of the convention speakers who took notice of the "bankers in government" criticism.

"Much comment is heard these days," he said, "about the prominence of bankers in this new Administration, as though it were an unusual circumstance. Critics fail to mention that more bankers served the Government during each of the two immediate past Administrations than during any other Administration. Many bankers throughout our entire history have answered the call of responsibility to government. . . .

"Much of the criticism of bankers in government is made by those who fail to realize that many of our problems in government are financial and it is logical to call on those who have made a success in the field of finance."

And National Bank Division President Glenn asserted:

"We sit silently by while some demagogues speak disparagingly about bankers in government, impugning there is something sinister or wrong with a man because he is a banker by profession and implying that a banker's motives are not to be trusted. Too few of us have taken up the cudgels and refuted the implication that bankers should not be asked to serve their country in high posts of responsibility. I think it is high time for us bankers to get up on our hind feet and act like men rather than to continue to take all such unjust criticism in silence, implying by such silence that there is some basis of truth in these charges."

The Business-Taxes Outlook

Convention comment on the business outlook was generally optimistic. Secretary Humphrey said that although the recent decline in the stock market had been "heralded by some as a sure sign of disaster, I cannot believe that this is so.

"It may well be," he continued, "that, as the fear of inflation declines, some switching is taking place from stocks to bonds or cash which holders have not dared to make during the past period of growing inflation. It may also be that there is some fear of declining earnings as certain supplies more nearly approach demand and goods become available.

"That is nothing to shiver about. In our great and growing economy some adjustment is constantly going on. Wherever adjustment is required, let's face it with confidence and get at it. I do not believe in blind faith. If trouble is possible, just the opposite is indicated. Keep your eyes open. Seek out the soft spot and see what can be done about it."

Reiterating the Administration's "definite policy" to return to the people, through tax reductions, "all the real savings in Government spending which can be reasonably anticipated," the Secretary said the excess profits tax would expire on December 31 and the 10 percent individual income tax reduction scheduled to go into effect on that date would become effective.

President Brenton, at a pre-convention press conference, told reporters he was "more afraid of public clamor for more inflation than of the prospects of a recession." He expressed the belief that the economy was on a plateau where it would probably remain for several months. There might be a slight slip—but that would be a "healthy adjustment."

On the immediately following pages are convention highlights, stories on the Association's new officers, the resolutions adopted at Washington, and excerpts from addresses given at the general and divisional meetings.

W. Randolph Burgess, Deputy to the Secretary of the Treasury, speaking to the second session. On Mr. Burgess' immediate right is Leonard W. Brockington of Toronto, prominent Canadian lawyer, who was also on the program

HARRIS & EWING

Meet the New VICE-PRESIDENT

Homer J. Livingston

Educated as a lawyer, Homer Livingston has spent his entire career in one bank, rising through the ranks to become president of The First National Bank of Chicago, whose resources exceed $2.7-billion.

HOMER J. LIVINGSTON, who was elected vice-president of the American Bankers Association at the Washington Convention, is president and director of The First National Bank of Chicago.

Mr. Livingston is a native of Chicago and received his education in its public schools. He was graduated in 1924 from the John Marshall Law School, Chicago, with an LL.B. degree; and in 1952 he was awarded an honorary LL.D. degree from Washington and Jefferson College, Washington, Pennsylvania. He was admitted to the Illinois Bar in 1925.

Mr. Livingston entered banking with The First National Bank of Chicago in 1922 under interesting circumstances. The bank, which for many years has had its own law department, was in the practice of employing a senior law student as a law clerk every year. In 1922, Edward Eagle Brown, then the bank's general counsel and now chairman of the board, asked the dean of John Marshall Law School for the name of the most promising senior. The dean replied in effect: "The best man in the school is in the second-year class, Homer Livingston; take a look at him."

Mr. Brown looked, and Mr. Livingston was launched on a banking career. In 1930 he became an assistant attorney; in 1934, attorney; in 1944, counsel; and in 1945, vice-president. He was elected a director in 1948, and became president in 1950 at the age of 46, the nation's youngest head of a major bank at that time.

In the American Bankers Association, Mr. Livingston was a member of the Committee on Federal Legislation and chairman of the Subcommittee on Bankruptcy from 1940 to 1950, and a member of the Credit Policy Commission from 1949 to 1953. He served on the Legislative Committee and the Council of Administration of the Illinois Bankers Association in 1944-45.

Mr. Livingston is chairman of the executive committee and chairman of the stock trustees of the Monon Railroad, a director of the Continental Casualty Company and the Continental Assurance Company, and president of the National Safe Deposit Company.

He has long been active in Chicago Civic affairs and is at present a trustee of the University of Chicago; trustee and treasurer, The Art Institute of Chicago; commissioner of the Chicago Medical Center; director and treasurer of Chicago Boys Club, Inc.; and trustee of the Chicago Child Care Society and of the Farm Foundation.

With all his local interests, this banker also takes an interest in affairs well beyond his own bailiwick. He made a recent trip to Europe and talked with people in all walks of life. The people, he says, live in "deathly fear" of a United States recession. After first-hand observation he concludes that without American aid, beginning with the Marshall Plan, all of Western Europe would be communistic today.

Mr. Livingston was married in 1928 to the former Helen Henderson. They have a son, Homer, Jr., who entered college this fall. The family home is in River Forrest, a North Shore suburb of Chicago.

Mr. Livingston is a member of numerous Chicago clubs, including: Union League; Mid-Day; Law; Legal; Chicago Golf Club.

His principal recreation is golf, and he enjoys a weekly game at the Oak Park Country Club, of which he is a member. The Livingston family enjoys fishing, and spends a part of each vacation in one of the northern states or in Canada in pursuit of this pastime.

Six Association Leaders

Here are brief biographies of men who will help President EVERETT D. REESE *and Vice-President* HOMER J. LIVINGSTON *in the direction of American Bankers Association affairs during the current year.* MR. REESE *was the subject of a sketch in* BANKING'S *October issue.*

SHERMAN DRAWDY

TREASURER, AMERICAN BANKERS ASSOCIATION

SHERMAN DRAWDY, president of the Georgia Railroad Bank & Trust Company, Augusta, Georgia, was elected treasurer of the American Bankers Association at a meeting of the Association's new Executive Council held at the close of the Washington convention.

Mr. Drawdy was born in Groveland, Florida, and attended schools there. He entered banking in 1921 as a clerk in the Bank of Groveland, advancing to cashier in 1924. In 1926 he joined the Florida State Banking Department as an examiner and continued in that position for seven years. In 1933 he went to the Federal Deposit Insurance Corporation, and shortly thereafter became senior examiner in the Sixth Federal Reserve District for the Federal Reserve Bank of Atlanta.

Mr. Drawdy became associated with the Georgia Railroad Bank & Trust Company in 1936 as vice-president and comptroller. After being advanced to vice-president and cashier and later to first vice-president and cashier, he was elected president in 1947.

He has long been active in bankers' association affairs and served as president of the Georgia Bankers Association. In the American Bankers Association, he was state vice-president for Georgia of the Organization Committee in 1946-47; a regional vice-president of the Organization Committee from 1947 to 1949; member of the Federal Legislative Council and the Executive Council from 1949 to 1952; and a member of the State Banking Department's Committee of the State Bank Division in 1950-51.

Mr. Drawdy was a member of the Executive Committee of the State Bank Division from 1950 to 1953 and of the Division's Legislative Committee from 1951 to 1953, Georgia state chairman of the Treasury Savings Bonds Committee from 1951 to 1953, and a member of the Commerce and Marine Commission in 1952-53.

Mr. Drawdy is president of the Georgia Railroad and Banking Company; and a director of North Augusta Banking Company, Jackson Cash Depository, Augusta Lumber Company, Castleberry's Food Company, and Cato Stores, Inc.

He is married, has two children, and lives in Augusta.

HENRY A. KUGELER

PRESIDENT, NATIONAL BANK DIVISION

HENRY A. KUGELER, president of The Denver (Colorado) National Bank, was born in San Francisco. He holds an A.B. degree from Yale University and an LL.B from the Denver University School of Law.

He practiced law from 1933 to 1936 when he joined the staff of the United States National Bank of Denver, where he became assistant cashier in 1938 and assistant vice-president in 1939. In December 1944, he joined The Denver National Bank as vice-president, advancing to president in January 1946.

In the American Bankers Association, Mr. Kugeler served on the Credit Policy Commission from 1948 to 1951 and was state chairman for Colorado on the Treasury Savings Bond Committee from 1950 to 1953. In the National Bank Division, he seved on the Real Estate Loans Committee and the State Legislation Committee in 1949-50; was chairman of the Committee on Relations with Federal Agencies in 1950-51; served on the Executive Committee from 1949 to 1952, being chairman of this Committee in 1951-52; and served as vice-president of the Division in 1952-53.

Mr. Kugeler is treasurer of the Colorado Division of the

The New Officers

HERE are the new officers elected by the Association's divisions and sections to serve during the year 1953-54:

NATIONAL BANK DIVISION: *President,* HENRY A. KUGELER, president, The Denver National Bank, Denver, Colorado; *vice-president,* B. MAGRUDER WINGFIELD, vice-president, National Bank of Commerce of Houston, Texas; *Executive Committee* chairman, GIBBS LYONS, president, First-Stamford National Bank & Trust Company, Stamford, Connecticut. Mr. KUGELER succeeded T. ALLEN GLENN, JR., president, Peoples National Bank, Norristown, Pennsylvania.

SAVINGS AND MORTGAGE DIVISION: *President,* JOHN W. KRESS, executive vice-president, The Howard Savings Institution, Newark, New Jersey; *vice-president,* JOSEPH R. JONES, vice-president, Security-First National Bank of Los Angeles. Mr. KRESS' predecessor was WENDELL T. BURNS, senior vice-president, Northwestern National Bank of Minneapolis.

STATE BANK DIVISION: *President,* HARRY M. ARTHUR, president, Arthur State Bank, Union, South Carolina; *vice-president,* BEN S. SUMMERWILL, chairman of the board, Iowa State Bank & Trust Company, Iowa City; *Executive Committee* chairman, ROBERT H. BOLTON, executive vice-president, Rapides Bank and Trust Company, Alexandria, Louisiana. Mr. ARTHUR'S predecessor was B. M. HARRIS, president, Yellowstone Banks, Columbus and Laurel, Montana.

TRUST DIVISION: *President,* N. BAXTER MADDOX, vice-president and trust officer, The First National Bank of Atlanta, Georgia; vice-president, GEORGE C. BARCLAY, vice-president, City Bank Farmers Trust Company, New York City; *Executive Committee* chairman, RICHARD P. CHAPMAN, president, The Merchants National Bank of Boston, Massachusetts. The immediate past president of the Division is ROBERT A. WILSON, senior vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia.

STATE ASSOCIATION SECTION: *President,* R. IRBY DIDIER, executive secretary, Louisiana Bankers Association, Baton Rouge, succeeding JAMES C. SCARBORO, secretary and treasurer, Colorado Bankers Association, Denver; *vice-president,* ROBERT E. LEE HILL, executive manager, Missouri Bankers Association, Columbia.

Treasurer Drawdy

STATE BANK DIVISION
Messrs. Summerwill and Arthur

American Cancer Society, of Rocky Mountain Chapter of the Arthritis & Rheumatism Foundation, and of the Denver Area Better Business Bureau. He is a trustee of the Colorado 4-H and Older Youths Foundation.

Mr. Kugeler is married and has three children. He resides in Denver.

JOHN W. KRESS

PRESIDENT, SAVINGS AND MORTGAGE DIVISION

JOHN W. KRESS, executive vice-president of The Howard Savings Institution, Newark, New Jersey, is a native of Newark and has a Bachelor of Commercial Science degree from New York University. He became assistant trust officer of The Howard Savings Institution in 1929 and advanced to vice-president and trust officer in 1941 and executive vice-president in 1949.

Mr. Kress is a past president of Essex County Chapter of the American Institute of Banking and is currently an honorary member of the board of governors and a member of the board of regents of the chapter.

He is a past president of the Savings Banks Association of New Jersey and is currently chairman of its Legislative Committee. He was a member of the Fiduciary Committee of the Essex County Bankers Association in 1951-52 and is a member of the Executive Committee of the New Jersey Bankers Association and of the Committee on Corporate Securities of the National Association of Mutual Savings Banks.

In the American Bankers Association, he was vice-president for New Jersey on the Organization Committee from 1946 to 1948. He was chairman of the Committee on Investments of the Savings and Mortgage Division from 1950 to 1952, a member of the Executive Committee of the Division from 1949 to 1952, and vice-president in 1952-53.

Mr. Kress is a member of the board of directors and the executive committee of the Central Railroad of Pennsylvania; a director of Faitoute Iron & Steel Co., Inc.; and a director and finance committeeman of the Standard Fire Insurance Company. He is commissioner of the State Board of Tenement House Supervision and a trustee of the Teachers' Pension & Annuity Fund. He is also active in numerous local organizations.

Mr. Kress is married and has three children. He makes his home in Verona, New Jersey.

HARRY M. ARTHUR

PRESIDENT, STATE BANK DIVISION

HARRY M. ARTHUR, president of the Arthur State Bank, Union, South Carolina, was born in Union. He holds a B.S. degree from The Citadel in Charles, South Carolina.

He has been president of the Arthur State Bank since 1935; of the Woodruff State Bank, Woodruff, South Carolina, since 1946; and of the Chesnee Cash Depository, Chesnee, South Carolina, since 1950. He was president of the Inman Cash Depository in Inman, South Carolina, from 1934 to 1940, and vice-president of the Woodruff Depository in Woodruff, South Carolina, from 1934 to 1943 and president from 1943 to 1946.

Mr. Arthur has served on several committees of the South Carolina Bankers Association, was second vice-president in 1948, first vice-president in 1949, and president in 1950.

In the American Bankers Association, Mr. Arthur served on the Farm Land Prices Committee of the Agricultural Commission from 1950 to 1952, and as a member of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation from 1949 to 1953. In the State Bank Division, he was chairman of the Committee on Legislation from 1949 to 1951 and chairman of the Committee on Relationship between FDIC and State Chartered Banks in 1951-1952. He was a member of the Executive Committee of the Division from 1949 to 1952, being chairman in 1951-52, and was vice-president of the Division in 1952-53.

Mr. Arthur has been president of The Arthur Stores, Inc., of Union and of the Excel Hosiery Mills of Union for many years.

He was a private in the infantry during World War I and a colonel in the infantry during World War II. He is presently chief of staff of the 51st Infantry Division of the U. S. National Guard. He is a former commander of the American Legion in South Carolina and a former president of the South Carolina National Guard Association.

Mr. Arthur is married and has one daughter. He makes his home in Union.

N. BAXTER MADDOX

PRESIDENT, TRUST DIVISION

N. BAXTER MADDOX, vice-president and trust officer of The First National Bank of Atlanta, Georgia, is a native of Atlanta and a graduate of the University of Virginia.

He joined The First National Bank of Atlanta in September 1923 as a runner, and held succeeding positions as bookkeeper, teller, in the investment department, and as assistant trust officer.

From 1933 to 1941 he was general agent for Georgia of The Connecticut Mutual Life Insurance Company. On January 15, 1941, he was elected vice-president, trust officer, and director of The First National Bank of Atlanta.

NATIONAL BANK DIVISION
Messrs. Glenn, Wingfield, and Kugeler

FINNIGAN PHOTOS

SAVINGS AND MORTGAGE DIVISION
Messrs. Burns, Jones, and Kress

Mr. Maddox has served as chairman of the Trust Committee and as chairman of the Trust Affairs Committee of the Georgia Bankers Association.

In the American Bankers Association, Mr. Maddox served on the Committee on State Legislation from 1948 to 1951 and on the Executive Council from 1949 to 1952. In the Trust Division, he was on the Committee on Relations with Life Underwriters from 1941 to 1950, being chairman from 1943 to 1950. He served a three-year term on the Executive Committee of the Division from 1945 to 1948, was elected to another three-year term in 1949, and was chairman in 1951-52. He was Division vice-president in 1952-53.

Mr. Maddox is treasurer of the Fulton-DeKalb Chapter of the National Foundation for Infantile Paralysis; trustee of several organizations, including the National Foundation for Infantile Paralysis, the Georgia Warm Springs Foundation, and the Roosevelt Memorial Commission (Little White House). He holds a Certified Life Underwriters degree.

Mr. Maddox has one son and lives in Atlanta.

R. IRBY DIDIER

PRESIDENT, STATE ASSOCIATION SECTION

R. IRBY DIDIER, secretary of the Louisiana Bankers Association, was born in Marksville, Louisiana. He studied at St. Paul's College in Covington, Louisiana, and St. Stanislaus College at Bay St. Louis, Mississippi.

He began his business career in the railroad business and for a time was in the wholesale grocery business.

In 1919 Mr. Didier became associated with the Avoyelles Bank & Trust Co. of Marksville, advancing from secretary to cashier. From 1930 to 1933 he was manager of the Marksville office of the Citizens Bank & Trust Co. and the Avoyelles Trust and Savings Bank of Bunkie. From 1933 to 1939 he served with the FDIC as examiner and claim agent in the fifth district, Atlanta. In 1939 he was named chief state bank examiner for Louisiana.

He became the first full-time secretary of the Louisiana Bankers Association in 1941. When the LBA purchased the *Louisiana Banker*, he became its editor.

During World War II, Mr. Didier was Louisiana state director of the banking division for War Loan drives.

He was secretary of the Association of Southern Secretaries in 1942, vice-president in 1943, and president in 1944.

In the A.B.A., he has served on several committees of the State Association Section, and was vice-president in 1952-53.

He is now registrar of the School of Banking of the South.

Mr. Didier is married and has six sons. He makes his home in Baton Rouge.

TRUST DIVISION
Messrs. Wilson, Maddox, and Barclay

STATE ASSOCIATION SECTION
Messrs. Scarboro, Didier, and Hill

Monetary Policy . . . Budget . . . Foreign Trade

Here are the resolutions adopted by the American Bankers Association at its 79th annual convention in Washington, D. C. Ben H. Wooten, president, First National Bank in Dallas, Dallas Texas, was chairman of the Resolutions Committee.

Monetary Policy

DEVELOPMENTS since the Federal Reserve - Treasury "accord" of 1951 have demonstrated the importance to the public welfare of flexible monetary policy—including flexibility of bond prices and interest rates. During this period the Federal Reserve System has properly permitted such expansion of credit as has been required to finance increased business activity. At the same time, its policy of permitting some tightening of credit conditions has been effective in discouraging an excessive and inflationary expansion of credit. This policy has been an important factor in stabilizing the value of the dollar and should help to sustain future employment and production.

Foreign Trade

A NATION can sell abroad only as it buys abroad. We believe that the United States should live up to its international responsibilities as the world's greatest creditor and producing nation by continuing to open its markets increasingly to foregin goods. Such a policy will help to create a larger volume of world trade, the eventual restoration of freely convertible currencies, and stronger economies in the United States and other nations of the free world.

We endorse and approve the action of the 83rd Congress in extending the Reciprocal Trade Agreements Act and enacting the Customs Simplification Act. We urge that all practicable steps be taken to demonstrate to the world our determination to lead in the cooperative effort to expand international trade for mutual benefits in prosperity and security.

At the luncheon for Mexican and Canadian bankers. Beginning at the extreme left, far side of table, and running clockwise are: C. George Webster, agent, The Bank of Nova Scotia, New York; Dr. Rodolfo Diaz, son of the president of the Mexican Bankers Association; Alfonso Diaz Garza, president of the Mexican Bankers Association and general manager, Banco Internacional, S.A., Mexico City; A.B.A. outgoing President, W. Harold Brenton; Arturo Bueno y Urquidi, general manager, Banco del Pais, S.A., Mexico City; C. Francis Cocke, former A.B.A. president and president, The First National Exchange Bank of Roanoke, Virginia; Bertram E. Hull, agent, The Dominion Bank of Canada, New York; Augustin Rodriguez, Jr., manager, Mexican Bankers Association, Mexico City; A.B.A. Deputy Manager Eugene C. Zorn, Jr.; A.B.A. Comptroller Gail H. Townsend; H. D. Scott, superintendent of foreign business, Imperial Bank of Canada, Toronto; Alex McD. McBain, supervisor, Bank of Nova Scotia, Toronto; S. Alexander Cross, manager of the business development department, Royal Bank of Canada, New York; A.B.A. Executive Manager Merle E. Selecman; Robert E. Peel, supervisor of the foreign department, Bank of Nova Scotia, Toronto; former A.B.A. president Joseph M. Dodge, who is now U. S. Director of the Budget. Joseph E. McCully, assistant agent, Bank of Montreal, New York, was present but does not appear in the picture

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The Federal Budget

THE contribution that the United States can make to the cause of world peace depends largely upon our moral, military, and economic strength. With employment and production at record levels, a balanced Federal budget is essential to the maintenance of a strong and stable economy. In balancing the budget, emphasis should be placed upon improved efficiency and elimination of waste in every phase of governmental activity. We heartily approve the progress being made in this direction.

Services Performed by Banks

BANKING consists of the performance of services which are essential to all groups in the community, including individuals, producers, and the Federal Government. The overwhelming majority of bank loans represents credit extended to home owners, farmers, consumers, and small business. It is the responsibility of every banker to intensify his efforts within his community to inform the public continuously about the services which his bank performs.

Savings Bond Program

THE members of the American Bankers Association have continued their efforts to encourage individuals to buy and hold United States Savings Bonds. The Association renews its pledge of support to this program in the public interest.

From a Convention Reporter's Notebook

The Man in Brown

A MAN in a brown suit stepped from a door on the Constitution Hall stage and the Air Force Band saluted with "Hail to the Chief" as he briskly made the short journey to a seat next to Harold Brenton. The convention, assembled for its first general session in Constitution Hall, cheered and waved, and the man—a vacation sun in Colorado had made his face the color of his jacket—grinned and waved back. Mr. Brenton, leading the applause, stepped to the mike.

"Ladies and gentlemen," he said, "the President of the United States!"

Mr. Eisenhower was met at the hall and escorted to the stage by Robert V. Fleming, chairman and president of The Riggs National Bank, Washington; Joseph M. Dodge, the Director of the Budget; W. Randolph Burgess, Deputy to the Secretary of the Treasury (all three are past presidents of the A.B.A.); and Merle E. Selecman, the Association's executive manager.

The President spoke about six minutes, without notes or script, then left immediately after shaking hands with those near him.

Other Distinguished Guests

THERE were other notables at the first session, and they were presented to the convention by Dr. Harold Stonier, executive vice-president of the Association. The list included these past presidents, in addition to Messrs. Fleming, Dodge, and Burgess: C. Francis Cocke, James E. Shelton, F. Raymond Peterson, Evans Woollen, Jr., C. W. Bailey, Frank C. Rathje, W. L. Hemingway, P. D. Houston, Robert M. Hanes, Orval W. Adams, Tom K. Smith, Rudolf S. Hecht, Francis Marion Law, Thomas B. McAdams, Robert F. Maddox, and Lewis E. Pierson.

Dr. Stonier also introduced Ray M. Gidney, the Comptroller of the Currency; William McChesney Martin, chairman of the Board of Governors of the Federal Reserve System; Mrs. Ivy Baker Priest, the Treasurer of the United States; H. Earl Cook, chairman of the Federal Deposit Insurance Corporation; Lynwood K. Elmore, banking commissioner for Connecticut and president of the National Association of Supervisors of State Banks; Alfonso Diaz Garza, president of the Mexican Bankers Association; Robert C. Baker, president of the District of Columbia Bankers Association (the convention host) and executive vice-president of the American Security and Trust Company, Washington.

Thank You, D. of C. B. A.

MORE than 100 members of the District of Columbia Bankers Association worked many weeks to develop and carry out the plans for a convention that proved to be the fourth largest in Washington's history.

President Robert C. Baker was chairman of the general convention committee. Hulbert T. Bisselle, senior vice-president of The Riggs National Bank, was vice-chairman. Their committee and the many others that took care of the multiple arrangements did a job that can't be fully appreciated unless you've worked on a similar chore yourself!

A Reception and a Concert

THE convention wasn't all speeches and business. A pleasant prelude was the reception given at the National Gallery of Art on the Sunday afternoon of Convention Week by Treasury Secretary and Mrs. Humphrey. Thousands attended—in fact, the Washington police estimated the crowd at some 14,000, not all of whom, of course, were delegates.

On the receiving line were the Humphreys, President and Mrs. Brenton, Vice-president and Mrs. Reese, and Mr. Burgess.

The Marine Band orchestra, in red jackets, played in the center hall while the reception was in progress. Many of the delegates took time to look at the Rembrandts, Titians, Van Goghs, El Grecos, and other masterpieces that belong to the nation, thanks to the generosity of another Secretary of the Treasury, Andrew M. Mellon, who gave the $15,000,000 marble building as well as his own collection.

The convention program noted that the reception was extended by the Humphreys "in appreciation for the cooperation of the banks of the United States with the Treasury Department."

Beethoven and Others

IN recent years the Association's conventions have been preceded by Sunday evening concerts. This time the music was by the National Symphony Orchestra,

At the National Gallery reception Secretary Humphrey shakes hands with David Lacy II of Coalgate, Oklahoma, who attended the convention with his father

FINNIGAN

HARRIS & EWING PHOTOS

THE LOCAL COMMITTEE (two views of one long table) at a pre-convention meeting with representatives of the A.B.A. Included in the picture are General Convention Chairman Robert C. Baker, president of the District of Columbia Bankers Association and executive vice-president of the American Security & Trust Company; A.B.A. Executive Manager Selecman; Committee Vice-chairman Hulbert T. Bisselle, senior vice-president of The Riggs National Bank. Chairmen of other committees, some of whom are included in the picture, were: *executive,* John A. Reilly, president, The Second National Bank of Washington; *arrangements,* A. S. Offutt, president, Anacostia National Bank of Washington; *entertainment,* Corcoran Thom, Jr., vice-president, The Riggs National Bank; *finance,* R. A. Norris, president, Lincoln National Bank; *hotel,* Frank M. Perley, vice-president, American Security & Trust Company; *information and publicity,* W. Hiles Pardoe, vice-president, National Savings & Trust Company; *meeting places,* J. D. Bowersock, executive vice-president, Union Trust Company of the District of Columbia; *reception,* W. J. Waller, president, Hamilton National Bank; *registration,* T. J. Groom, president, Bank of Commerce & Savings; *transportation,* George M. Fisher, senior vice-president, The Washington Loan & Trust Company; *ladies,* Mrs. Daniel W. Bell and Mrs. Robert V. Fleming

with Howard D. Mitchell conducting in Constitution Hall, and Earl Wild playing the piano part in Gershwin's "Rhapsody in Blue."

While the delegates were assembling for the first general session the United States Air Force Drum and Bugle Corps and the Glee Club entertained. Music for the second session was provided by the Army Band.

Leisure Moments

THERE was plenty of time for sight-seeing, and the delegates made good use of it. The DCBA provided some memorable tours, including visits to Mount Vernon, Arlington, trips around Washington, and evening expeditions to the United States Naval Observatory which, among other things, is the nation's time center.

Several hundred convention wives paid a special visit to the White House.

Administrative Committee Meeting

THE A.B.A. Administrative Committee, meeting prior to the convention to receive reports of the division, commission, council, committee, and section chairmen, had two guests, each a former member of the Association's official family. They were Rowland R. Hughes, once chairman of the Special Committee on the Excess Profits Tax, and now Deputy Director of the Budget; and Kenton R. Cravens, until recently a member of the Executive Committee of the Committee on Federal Legislation. At present he's liquidating the Reconstruction Finance Corporation.

The Administrative committeemen also had the pleasure of hearing Fred I. Kent, chairman of the Commerce and Marine Commission, describe his trip to Hawaii.

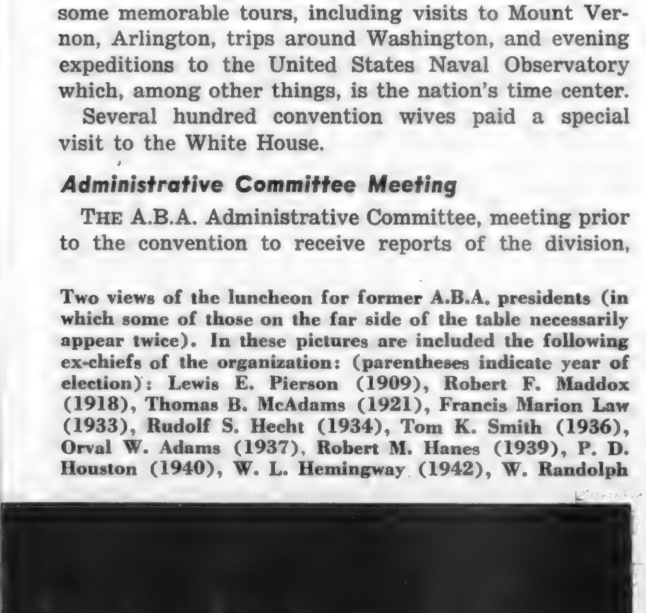
Publicity

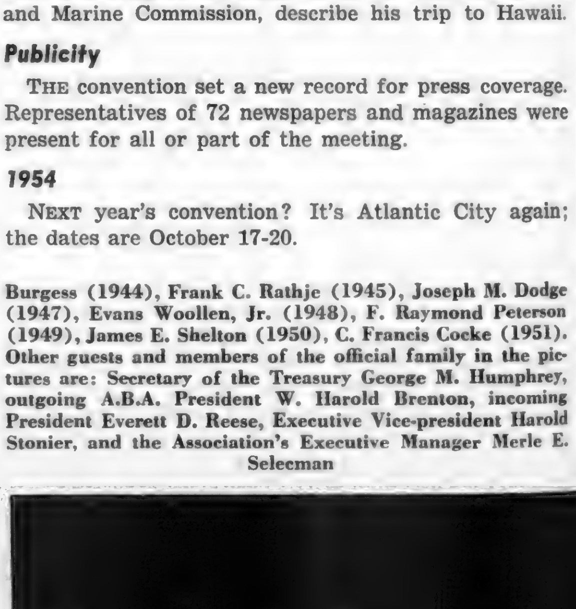
THE convention set a new record for press coverage. Representatives of 72 newspapers and magazines were present for all or part of the meeting.

1954

NEXT year's convention? It's Atlantic City again; the dates are October 17-20.

Two views of the luncheon for former A.B.A. presidents (in which some of those on the far side of the table necessarily appear twice). In these pictures are included the following ex-chiefs of the organization: (parentheses indicate year of election): Lewis E. Pierson (1909), Robert F. Maddox (1918), Thomas B. McAdams (1921), Francis Marion Law (1933), Rudolf S. Hecht (1934), Tom K. Smith (1936), Orval W. Adams (1937), Robert M. Hanes (1939), P. D. Houston (1940), W. L. Hemingway (1942), W. Randolph Burgess (1944), Frank C. Rathje (1945), Joseph M. Dodge (1947), Evans Woollen, Jr. (1948), F. Raymond Peterson (1949), James E. Shelton (1950), C. Francis Cocke (1951). Other guests and members of the official family in the pictures are: Secretary of the Treasury George M. Humphrey, outgoing A.B.A. President W. Harold Brenton, incoming President Everett D. Reese, Executive Vice-president Harold Stonier, and the Association's Executive Manager Merle E. Selecman





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In this picture of a session of the Administrative Committee, before the start of the convention, are, seated left to right at the head table: Treasurer William B. Gladney, president, Fidelity National Bank of Baton Rouge, Louisiana; incoming President Everett D. Reese, president, The Park National Bank of Newark, Ohio; Executive Vice-president Harold Stonier, New York; outgoing President W. Harold Brenton, president, State Bank of Des Moines, Iowa, then chairman of the Administrative Committee; Executive Manager Merle E. Selecman, New York; Secretary Henry M. Sommers, New York; and Comptroller Gail H. Townsend, New York. Other members of the committee during the term of Mr. Brenton were: Julian B. Baird, president, First National Bank of St. Paul, Minnesota; Wendell T. Burns, senior vice-president, Northwestern National Bank of Minneapolis; C. Francis Cocke, president, The First National Exchange Bank of Roanoke, Virginia, and former A.B.A. president; A. T. Donhowe, vice-president, Central National Bank & Trust Company, Des Moines; T. Allen Glenn, Jr., president, Peoples National Bank, Norristown, Pennsylvania; B. M. Harris, president, Yellowstone Banks, Columbus and Laurel, Montana; Frank L. King, president, California Bank, Los Angeles; F. Raymond Peterson, chairman of the board, First National Bank and Trust Company, Paterson, N. J., and former A.B.A. president; James C. Scarboro, secretary and treasurer, Colorado Bankers Association, Denver; James E. Shelton, president, Security-First National Bank of Los Angeles, and former A.B.A. president; Martin J. Travers, vice-president, The Marine Trust Co., of Western New York, Niagara Falls; Robert A. Wilson, senior vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia; Ben H. Wooten, president. First National Bank in Dallas

Heard at the Convention

Here are some brief excerpts from addresses given at the Washington meeting.

"Fiscal Agents" for a Sound Economy

W. HAROLD BRENTON, *president of the State Bank of Des Moines, Iowa, speaking as president of the American Bankers Association.*

MUCH comment is heard these days about the prominence of bankers in this new Administration as though it were an unusual circumstance. Critics fail to mention that more bankers served the Government during each of the two immediate past Administrations than during any other Administration.

History is studded with the names of men from banking who have served their country unselfishly. Much of the criticism of bankers in Government is made by those who fail to realize that many of our problems in Government are financial and it is logical to call on those who have made a success in the field of finance.

Bankers have earned the right to nationwide public confidence. During depression, war, and inflation, they quietly went about their business; and they have emerged with stronger banks than ever before. Bankers have enhanced their local standing. They have learned how to serve more people and more diversified groups.

No matter how well bankers have met their responsibilities in the past, the public today expects from us a whole new brand of banking guidance and financial service. We must develop an even broader philosophy of banker responsibility.

Bankers should be informed and willing to interpret the issues involved so that the inquiring public can judge better which decisions are in the long term public interest. In other words, bankers must become "fiscal agents" for a sound economy in their communities.

We are trying to maintain a free enterprise republic. It is a Government of the people and for the people, and we want to keep it that way. Certainly the bankers from 14,600 banks have no desire to dictate what should be done. Rather it should be our desire to equip ourselves to disseminate accurate financial information.

People must be supplied with accurate information and encouraged to give it thoughtful consideration so they will be able to decide for themselves what is in their long-term best interest.

We have an Administration that by its actions and its statements shows that it is working hard for a sound, stable economy. This can be achieved only if people understand what the Administration is working to accomplish and why it should be accomplished. It is the people who will eventually decide what course any Administration can long follow.

Bankers must help to remove the mystery that surrounds the maintaining of sound money.

Funds for Building

ALBERT M. COLE, *Administrator, Housing and Home Finance Agency, at the Savings and Mortgage Division meeting.*

THE basic problem is probably this: will there be an adequate supply of funds from all sources to support a sound building program next year? There are some indications, difficult to evaluate as yet, that there may be some difficulty on this score. Certainly my conferences throughout the country clearly brought out that most builders and many

local lenders are concerned over the prospects for the future—despite the fact that current levels of production are good. The difficulty—and it is real difficulty in many areas—is the present uncertainly as to the volume of forward commitments which will be available.

The reasons for this situation you readily understand—primarily it is a problem of abnormally high demands for credit in many areas, all competing for a large but limited supply of funds. It is my hope that this situation, will improve considerably in the near future. I hope that the market will, through the freer play of economic forces, provide the right answers, for other solutions necessarily mean that we would be playing to some extent with the inflationary fires we have now largely extinguished. At the same time, I submit to you the very serious reminder that if we are unable to maintain a reasonably high continuing volume of home production—which means an adequate continuing flow of mortgage credit—we may be required to resort to some means of assistance to avoid unnecessary wrenches to our entire economy. The present situation is not an easy one—readjustments never are.

I suggest in sincere candor that the bankers weigh carefully the problem they share with "housers." Together you have the opportunity to demonstrate that private industry can and will handle the job without a return to direct Government action in the housing field. We in Government have certain fundamental responsibilities to help maintain a sound and stable economy. We cannot hope to accomplish that aim so far as housing is concerned without the exercise of real statesmanship by "housers" and bankers.

A Three-Point Financial Plan

SENATOR WALLACE F. BENNETT *(R., Utah) at the State Bank Division meeting.*

SENATOR BENNETT, a member of the Senate Finance and the Banking and Currency Committees, said that the Administration's fiscal and monetary policies would protect the average citizen and bring about "the greatest good for the greatest number." Political opponents, he asserted, were trying to destroy the "resurgence of economic liberty" by denying its true implications. They will continue to contend that the average citizen is being "robbed" for the benefit of business and banking.

He pointed out that the Administration has a three-point financial plan: (1) a fiscal policy based on a free money market; (2) a monetary policy that continues the independence of the Federal Reserve Board from control of the Treasury, and (3) an over-all philosophy of getting the Government out of the direct loan business.

Interest rates, despite protests, are not high historically, but are now more nearly normal than were the artificially low rates of the past 20 years.

Independence of the Federal Reserve System is vital in the fight against inflation, which always comes when central banks are subject to political control. Americans need to be told the truth about inflation.

No Other Ideologies Needed

DR. R. C. S. YOUNG, *Professor of Philosophy, University of Georgia, to the National Bank Division.*

We must not think that political and economic theories will solve our immediate problem which is to reeducate and to convince the present generation that the American way of life is good enough for us, and we need no importations from abroad, as far as ideologies go.

Future Farm Policies

EZRA TAFT BENSON, *the Secretary of Agriculture, at the Agricultural Commission's annual breakfast.*

As guides in the formulation of future farm policies, I believe the following are essential:

(1) The program must provide for a constantly improved farm economy. (2) It must fully protect the farmers' freedom of choice. (3) It must be in the farmers' interest. (4) It must be in the public interest. (5) It must be financially practical. If it is not financially practical, it will fail. Remember the potato fiasco? (6) It must be geared to use rather than storage—build, not destroy markets. (7) It must solve problems, not create them. (8) It must square with American principles.

Stay with your farm customers, even when weather or economic conditions make debt repayment less favorable. Many farmers who have recently entered agriculture and contracted large debts are finding it more difficult to repay loans now than when farm commodity prices were rising.

Both banker and borrower need to plan carefully in meeting the adjustments that have arisen because of drought and lower farm commodity prices. Bankers for the most part have continued to carry their farm borrowers and have gone to the limit in taking care of their recurring credit needs.

The prospects for agriculture are good. Employment is at an all-time high. The farm balance sheet is extremely favorable. Population is increasing steadily, providing larger markets for the future. Our people want good diets, even better diets than now. The rural banks are faced with a wonderful opportunity to strengthen our rural economy.

Bankers can play an effective role by encouraging sound conservation and soil-building programs on the individual farms and ranches in their local communities. Credit programs to support sound soil improvement practices have paid good dividends in the past, and will continue to do so. Credit plans de-

The Government Borrowing Committee meets under the chairmanship of Robert V. Fleming, *(standing at left, pointing)*, president of The Riggs National Bank and former president of the A.B.A. Standing next to Mr. Fleming is former A.B.A. President W. L. Hemingway, chairman of the executive committee, Mercantile Trust Company, St. Louis. Beyond Mr. Hemingway is the committee's secretary, Eugene C. Zorn, Jr.

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signed to help farmers change over to a diversified, better balanced farming pattern are urgently needed in many areas.

Livestock production, especially where farmers are embarked on a program of pasture development, can be greatly aided by wise lending practices. One of the big problems right now is the balancing of livestock numbers on the individual farm with the production of feed on that farm.

Now that land prices have leveled off, it is doubly important for farmers and bankers alike that speculative land loans continue to be shunned. That you have done this in the past is a source of our present strength. I urge you to continue to discourage borrowing based upon the expectation of abnormally high or rising farm land and commodity prices.

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The Public Relations Council hears—and sees—a talk by Edward A. Wayne, vice-president of the Federal Reserve Bank of Richmond. His subject was the technique of the flannel board, which he is shown demonstrating.

The Federal Reserve's Course

J. L. ROBERTSON, ***member of Board of Governors, Federal Reserve System, at the Trust Division meeting.***

IF one is to pass judgment fairly and intelligently on present monetary policy, he must consider the alternative. Broadly—and at extremes—there are two alternatives implicit in criticism that has come from two directions, sometimes from critics who seem to want to go in both directions at the same time.

One alternative would be to "freeze" credit at a fixed level, or even to reduce it. This would mean disregarding the fact that needs for money and credit increase in a growing economy. This alternative would stunt economic growth and lead to a contraction of production, employment, and purchasing power; and no one could guarantee that the ensuing downward spiral could be stopped at any point short of chaos. You and I want no part of that.

The other alternative would be to create credit without bothering about the extent to which it can be absorbed in normal operation and growth of the economy. But at a time when virtually all workers, plant, equipment, and natural resources are already employed and production is practically at the presently achieveable maximum, additional credit can only produce higher prices that benefit few and lower the standard of living of many. You and I want no part of that either.

Adherence to present Federal Reserve policy has meant that the available supply of money and credit has not been sufficient to meet all demands. And this in turn has meant that the cost of obtaining credit has risen. In other words, interest rates are higher. But let me emphasize that the Federal Reserve System is not interested in promoting higher interest rates. The choice is not between "high" and "low" rates. Rather, the choice lies between (1) letting interest rates rise—and fall—through the interplay of the demand for credit and a supply attuned to economic needs, and (2) on the other side, expanding the supply of credit to drive down—or hold down—interest rates, even though the excess credit thus created accomplishes nothing except a rise in prices. We have chosen the first course, in the belief that it is in the interest of the people as a whole.

Naturally, our choice has not been popular with some lenders, who could not obtain all of the funds they would like to lend, and with some would-be borrowers, who could not obtain as much credit as they would like. This is simply inevitable. I would doubt the efficacy of any governmental decision that was not greeted with catcalls by some group or other.

Speak Up for Sound Money!

T. ALLEN GLENN, JR., *president of the Peoples National Bank, Norristown, Pennsylvania, in his address as president of the National Bank Division.*

BANKERS have just as much to be concerned about in the success of the Administration in obtaining its objectives of a stabilized dollar and a sound economy as has any other separate group of citizens. Yet we, as individual bankers, either are entirely reticent about expressing our views in support of the sound money policies; or, as in the case of a few of us, we are selfishly critical because the intermediate results of the change have hurt us a trifle here or there.

The real issue now is the matter of the choice that we, as a nation, have regarding monetary policies of our Government. The choice is between:

(1) A flexible interest rate with a stabilized honest dollar—and I remind you that a flexible interest rate may fall as well as rise in order to keep the dollar stable; or (2) a fixed interest rate with an unstable dollar—and we have seen, during the past several years, that a fixed low interest rate causes a gradually eroding dollar.

If we, as bankers, believe in sound money and the program of the Administration for restoring our dollar to an honest basis, then we owe it to ourselves, to our profession, and to our Government to speak up and actively support that program.

There will be some who will criticize the bankers for support of the Administration's sound money policies—they will say that we are selfish. Well, if having a sincere concern for the success of the businessman is selfish; if having deep conviction about the solvency of our Government is selfish; if having a genuine desire to halt inflation, which jeopardizes the welfare of every citizen, is selfish—if these motives are selfish, then we shall have to plead guilty. But, if we are to have a sound money policy—and the Administration is certainly trying to achieve that goal—then we, as bankers, should be proud to support such a policy.

Even worse than our failure to speak up vigorously in favor of sound money policies, is the fact that we sit silently by while some demagogues speak disparagingly about bankers in Government, impugning there is something sinister or wrong with a man because he is a banker by profession and implying that a banker's motives are not to be trusted. Too few of us have taken up the cudgels and refuted the implications that bankers should not be asked to serve their country in high posts of responsibility, the same as men or women from other businesses or professions. I think it is time for us bankers to get up on our

hind feet and act like men rather than to continue to take all such unjust criticism in silence, implying by such silence that there is some basis of truth in these charges.

Protecting the Saver's Dollar

WENDELL T. BURNS, *senior vice-president of the Northwestern National Bank, Minneapolis, speaking as president of the Savings and Mortgage Division.*

MORE important to the saver than the increase in the interest rate has been the changed attitude toward him. No longer is he the forgotten man of the Federal Government. The Administration appears determined to stabilize the dollar and to encourage an expanding economy without inflation. Importance is attached to protecting the value of the saver's dollar. Millions of our people have been modest savers. There has been increasing discouragement to them as the purchasing power of savings has dwindled. Responsible officials high in our Government now say we must have a sound dollar and free money markets to protect the investment of those millions of our citizens who have saved.

It is important that, as bankers, we lend moral and substantial support to the maintenance of a sound dollar. In our lifetime we have seen that dollar cut in half in purchasing power. If we are to encourage savings, we must stand firmly for maintenance of the value of those savings.

It is important that we reemphasize the value of savings to banks. Savings represent approximately 40 percent of deposits of all banks of the country. Competition in many forms has augmented the problems of increasing those deposits. But banks have many advantages to offer the saver. Aggressive efforts on the part of all banks to advertise these advantages will surely result in a continued significant growth of savings in the banks of America.

The Outlook for Interest Rates

ROY L. REIERSON, *vice-president, Bankers Trust Company, New York City, at the Savings and Mortgage Division meeting.*

MR. REIERSON'S review of factors operating in the money and investment markets, and of the monetary and fiscal policies in effect, suggested certain conclusions which he summarized as follows:

(1) The credit squeeze and bond market debacle in the spring of 1953 reflected largely the exaggerated fears of sharply restrictive credit measures, which greatly magnified the effects of basic economic forces. The conditions that combined to bring about this uneasiness and apprehension among the financial community were soon corrected, and are not likely to be repeated in the foreseeable future.

(2) The experience, however, served to dispel some of the exaggerated anxieties regarding the aims of the Federal Reserve and the Treasury; in its wake there followed a clarification and reaffirmation of the sound, sensible and responsible policy standards which the authorities had been endeavoring to follow, but which they had permitted at times to become misconstrued.

(3) For the period ahead, a basic conclusion to be drawn from the experience of recent months is that the Federal Reserve is continuing to follow a flexible credit policy. Since this policy presupposes a keen alertness to economic developments, Federal Reserve action is likely to remain predicated upon the condition of the economy, including the rate of investment activity and the borrowing requirements of the Treasury.

(4) The Federal Reserve is continuing to supply funds to meet seasonal credit needs and is permitting the money supply to grow commensurately with the economy. Fears that the authorities may deviate from this basic course appear unwarranted.

(5) Under conditions of full employment and sustained high levels of business activity in the aggregate, the Federal Reserve is likely to display a midly restrictive attitude toward the market. However, the authorities may be expected to be alert to avoid a repetition of the earlier credit squeeze and the attendant unsettlement in the markets. In an economic downturn, the authorities will almost certainly shift rapidly toward a pronounced easing of credit.

(6) The coordinated decisions on credit and debt management action in June-July give reassurance that effective cooperation between the Treasury and the Federal Reserve is continuing. This is as it should be and as it must be. The Treasury should not dominate the Federal Reserve System but neither can the latter be unmindful of the problems of the former.

(7) Efforts by the Treasury to fund the debt have so far been temperate and restrained, and while the goals of the debt managers remain unchanged, they are aware of the many hazards to the economy, and are not likely to be overly zealous.

(8) Aggregate demands for investment funds in 1954 may decline somewhat from the high levels of the current year. With large personal savings continuing, it is probable that we are moving through the cyclical trough of Government bond prices and that economic forces will operate in the direction of higher bond prices in the course of 1954. However, the problem of funding the debt will be a market influence for a long time ahead. As a result, a moderate business downturn is unlikely to lead to a repetition of the excessively easy credit and low interest rates that were generally characteristic of market conditions in the past two decades.

Restored Confidence in the Dollar

ROBERT A. WILSON, *senior vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia, speaking as president of the Trust Division.*

AFTER years of artificially low interest rates and cheap money which were threatening our economy we find an Administration in power which is courageous enough to fight the tide of inflation and work toward the return to a sound economy.

Already we are noticing an increase in the purchase of United States Savings Bonds during the first seven months of this year. Sales of Series E and H Bonds amounted to $2,600,000,000 in this period, compared with $2,100,000,000 in the same period in 1952. The redemption of Savings Bonds is less than last year, even though almost twice as many bonds are maturing this year as in 1952. In former years, the fear of inflation caused our people to shun fixed income investments and seek refuge in other forms of investment such as real estate and equity securities. We are now witnessing restored confidence in the dollar, with the result that investors are again being attracted to bonds. The American public must be informed of the real facts and must understand the attempt of the present Administration to restore the soundness of the dollar.

As trustmen, we cannot overlook the fact that our beneficiaries, who include widows, orphans, and minors, are not organized and many of them cannot speak for themselves. We have a duty as their trustees to speak in their behalf. The economic sins of our political fathers and forefathers must not be visited unto the third and fourth generation.

Financial and Fiscal Health

RAY M. GIDNEY, *Comptroller of the Currency, at the National Bank Division meeting.*

THE present Treasury team is making vigorous efforts for a sound and honest dollar. The Treasury is working in

close harmony with the Federal Reserve System. The Federal Reserve System deserves much credit for wise and courageous policies designed to check inflationary pressures and safeguard our money. I should particularly like to praise the fine contribution it has made to public understanding of the subject and to point out that conditions favorable to economic progress are best maintained by allowing the interplay of supply and demand to determine interest rates and to direct money to the best uses. Of course, there are differences of views on this subject, and perhaps more apparent than actual, in the case of some who have commented critically on Treasury and Federal Reserve policies. My belief is firm that we shall have the nearest approach to ideal conditions of sound money and sound credit if we permit economic forces to act and react.

I believe that we have seen many good effects from the change of Federal Reserve policy which took place in 1951 and that forecasts concerning the dangers of such a change in policy have not been confirmed by the events. Interest rates have risen but they are still at a very moderate level, and it would be difficult to find evidence that they have slowed up the pace of business activity.

Business is continuing at a very high level, with practically no unemployment. I believe that when readjustments occur, it will not be possible to ascribe them to the repressive effect of interest rates which we now have or are likely to have with us for some time to come. Our big problem is to keep the wheels of business and industry turning at a healthy rate and that should be made possible of accomplishment if we preserve the financial and fiscal health of our economy by working toward budgetary balance and keeping the supply of money and credit in balance with the requirements for a desirable level of production.

State Bank Affairs

B. M. Harris, *president, the Yellowstone Banks, Columbus and Laurel, Montana, speaking as president of the State Bank Division.*

THE Division has given careful consideration to matters of capital ratios and reserve for bad debts. Congress has refused to approve a higher ceiling on the national debt. Farmers have voted to reduce wheat acreage. Livestock is in a slump because of overproduction. The same can happen to automobiles, farm machinery, and other equipment. It is well that we pause to look at our capital setup and make provisions for possible losses.

The A.B.A. Committee on Federal Legislation has met with the Comptroller and the Internal Revenue Department to seek a revision of the reserve for bad debts, which, in turn, would make for greater capital strength. The State Bank Division commends this program. The latest report of the Federal Deposit Insurance Corporation shows that only 45.7 percent of all insured commercial banks were using the reserve method as of the end of 1952. However, a much lower portion of the smaller banks use the method. Since the great majority of these smaller banks are state chartered, it is of particular concern to the Division that the method now used should be changed to provide for a more realistic determination of reserves and thereby encourage these small state banks to adopt this principle of sound bank management.

HARRIS & EWING

At the Comptroller of the Currency luncheon. In the center at the head of the table is Henry A. Kugeler, president of the National Bank Division and president of The Denver National Bank. On his right is Comptroller of the Currency Ray M. Gidney and on his left former Comptroller Preston Delano

From time to time, the three-member board of the Federal Deposit Insurance Corporation is under fire, generally unfairly, but under fire just the same. To eliminate areas of controversy, we recommend that the FDIC board be augmented by an Advisory Board similar to that of the Federal Reserve Board. The Division recommends that this Advisory Board be made up of members selected by the President of the United States from the State Bank Division, from the National Bank Division, from the mutual savings banks, and from the state bank supervisors, and that one man be appointed to represent the 6,644 FDIC insured nonmember banks which represent nearly one-half of the banks holding over $23-billion in deposits; this board to serve without compensation, except expenses and per diem, and to serve for staggered terms.

The Business-Banking Picture

Casimir A. Sienkiewicz, *president, Central-Penn National Bank, Philadelphia, to the National Bank Division meeting.*

THE current picture shows that the business boom continues. Production, employment, income, and trade have been very high. The defense program must go on because of world tensions. But certain changes in prices, decline in farm income, and the behavior of the stock market foreshadow corrective adjustments in inventories, prices, costs, as well as in productive processes. These adjustments may result in some business setback over the turn of the year but not in any serious recession. We are in a buyers' market; and, upon completion of the correction, business again should be good. Competition will be strong as is to be expected in free markets for goods and services.

Banks have been effective catalytic agencies in providing credit. But demand credit and long-term funds have been exceeding the supply. Credit is tight and interest rates therefore have risen. The Federal Reserve policy has been made flexible and its general effect on the economy thus far has been wholesome. It can now be easily adjusted to changes in business conditions.

Commercial banks have experienced significant shifts in their assets. During the war they became investing institutions, but since then they again have turned to lending so that their holdings of securities now are less than the volume of their loans. The over-all quality of bank assets is relatively high and earnings well sustained, despite increased costs and high taxes. Where capital structures are low in relation to deposits and assets, steps should be taken to strengthen them.

This is Mr. W. Van White

Pontiac Dealer of Little Rock

This is what he says

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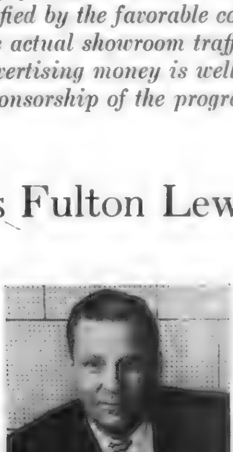
This is Fulton Lewis, Jr.



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Our national debt, public and private, has risen greatly. The burden of servicing this debt is heavy but manageable. Our national wealth has increased more than the debt. The growth of debt reflects the growth potential of our economy.

The Long Pull

DR. EARL L. BUTZ, *head of the Department of Agricultural Economics, Purdue University, at the State Bank Division meeting.*

WE must prepare for a long conflict with the totalitarian world, whether the present [Korean] truce holds or not. We are in for a minimum of 10 years of international struggle, whether we have a continued truce, cold war, half war, or total war. This means that we must remain strong, militarily and industrially. We must plan for the long pull as we face the future. In our mobilization effort we must strike a balance between present strength and potential strength.

We must prepare ourselves for all-out production, and that with less manpower than we had before. That is the main challenge we face in the decade ahead—indeed, in the generation ahead. We can meet the challenge of production if we stop doing some of the silly things we have been doing. We can produce enough to make us strong militarily, and at the same time raise still further that marvelous American standard of living.

We must be careful not to lose at home the very freedoms we struggle abroad to preserve. We must not allow the present struggle with totalitarianism to become the occasion for losing our heritage of a free economic and political life.

It is not characteristic of government willingly to terminate power it once holds. That is just as true of Republican as of Democratic Administrations. It is characteristic of government.

Correspondent Banking

(CONTINUED FROM PAGE 38)

banks, in connection with their correspondent business, which appears to have no solution. The city bank's plan of solicitation has been to get an account of any size, hoping, of course, to build it up. Country banks find themselves in the position of having a large number of small accounts—$10,000 to $25,000.

"From the country bank's standpoint this is ideal in that each city bank works with renewed vigor to build the account to a profitable basis and simultaneously to squeeze out some of the other city banks. The upshot of it is that the city banks render these banks with small accounts sometimes even a greater amount of service and more entertainment than to one of their larger, more profitable accounts.

"It is seldom apparent that any of these banks give much thought to what they should properly receive for these small balances, but on the contrary take everything they are offered. It seems unlikely that anything will correct the situation until we have a depression or until the individual city banks decide that the situation is hopeless and render service and entertainment only in proportion to the earnings that each account affords."

(BANKING *also asked the city banks to recount an interesting service they had recently performed for a correspondent. Many unusual examples were reported, and we plan to pass them along to our readers in an early issue.*)

A.B.A., Rutgers, Harvard Including GSB Theses in Financial Libraries

Condensed Versions to Appear in "Present Day Banking 1954"

Thirty-five theses prepared by banker-members of the Class of 1953 of The Graduate School of Banking have been accepted for placement in the libraries of the American Bankers Association and of Rutgers University. In addition, Baker Library of the Harvard Graduate School of Business Administration has requested copies of the theses. Accordingly, the 35 selected works will be filed also with Baker Library, beginning this year.

The theses chosen this year for the libraries were selected from the 325 submitted by members of the graduating class. To be approved for inclusion in the libraries, a thesis must first receive a recommendation from a panel of examiners specializing in the subject. The recommendation of library acceptance is made to the School's Library Thesis Committee, which makes final selections.

The theses will be available for reference at the A.B.A. Library. They will be circulated on request to A.B.A. member institutions and graduates or students of the Graduate School.

Circulation is limited to the continental United States; only one thesis may be borrowed at a time; it may be retained for one week; and the borrower is required to pay return shipping costs. The theses will be ready for distribution about the first of the year.

Authors

Each thesis will be condensed by its author for inclusion in *Present Day Banking 1954*, to be published by BANKING early next year. The 35 authors and their thesis titles are:

James A. Barry, assistant vice-president, Bank of the Manhattan Co., New York; *Constructive Lending as a Means of Developing Branches in New York City Suburbs.*

Merrill A. Bean, assistant treasurer, Montgomery Trust Co., Norristown, Pa.; *The Savings Department of a Commercial Bank — Earnings, Costs, and Competition.*

William F. Delafield, trust officer, The Pennsylvania Company for Banking and Trusts, Philadelphia; *Trust Company Services under Multi-Employer Pension Funds.*

(CONTINUED ON PAGE 98)

President Reese Names Nearly 1,100 Bankers to Committee Posts; Departmental Chairmen Announced

Since his election to the presidency of the American Bankers Association at the Association's 79th national convention in Washington, Everett D. Reese has appointed about 850 bankers to nearly 1,100 commission, council, and committee posts. These are the men who will work with President Reese in developing A.B.A. policy and carrying on the activities of the Association. Mr. Reese is president of The Park National Bank of Newark, Ohio.

The Chairmen

The men chosen by President Reese to head 22 of the Association's commissions, councils, and committees are:

Agricultural Commission: Jesse W. Tapp, executive vice-president, Bank of America, San Francisco, *chairman.*

Bank Management Commission: Raymond C. Deering,* vice-president and comptroller, Manufacturers Trust Co., New York, *chairman.*

Commerce and Marine Commission: Fred I. Kent,* director, Bankers Trust Co., New York, *chairman.*

Country Bank Operations Commission: W. M. Willy,* president, Security Bank, Madison, South Dakota, *chairman.*

Credit Policy Commission: Fred F. Florence,* president, Republic National Bank, Dallas, Texas, *chairman.*

Economic Policy Commission: Evans Woollen, Jr.,* chairman, Fletcher Trust Co., Indianapolis, *chairman.*

Instalment Credit Commission: Philip Woollcott, president, The Bank of Asheville, North Carolina, *chairman.*

Small Business Credit Commission: William F. Kelly,* executive vice-president, The Pennsylvania Company, Philadelphia, *chairman.*

Public Relations Council: Frank M. Totton,* vice-president, The Chase National Bank, New York, *chairman.*

Research Council: V. W. Johnson,* president, First National Bank, Cedar Falls, Iowa, *chairman.*

Advisory Committee on Special Activities: W. L. Hemingway,* chairman, executive committee, Mercantile Trust Co., St. Louis, *chairman.*

Federal Depository Functions and Fiscal Procedures Committee: C. Edgar Johnson,* vice-president, The First National Bank, Chicago, *chairman.*

Federal Legislation Committee: George R. Boyles,* president, Merchants National Bank, Chicago, *chairman.*

Foundation for Education in Economics: Francis Marion Law,* chairman, First National Bank, Houston, *chairman.*

Government Borrowing Committee: Robert V. Fleming,* president, The Riggs National Bank, Washington, *chairman.*

Insurance and Protective Committee: Harry F. Harrington,* vice-president, The Boatmen's National Bank, St. Louis, *chairman.*

Organization Committee: Barney J. Ghiglieri,* president, Citizens National Bank, Toluca, Illinois, *chairman.*

Savings Bonds Committee: Wm. H. Neal, senior vice-president, Wachovia Bank and Trust Co., Winston-Salem, North Carolina, *chairman.*

Service for War Veterans Committee: Edwin P. Neilan,* executive vice-president, Equitable Security Trust Co., Wilmington, *chairman.*

State Legislation Committee: Sherman Hazeltine,* president, The Bank of Arizona, Prescott, *chairman.*

Supplemental Pension Fund Committee: Vance J. Alexander,* chairman, Union Planters National Bank, Memphis, Tennessee, *chairman.*

With the exception of *The Graduate School of Banking*, the new officers of the A.B.A. Divisions and section may be found on page 83. Joseph E. Hughes,* president, The County Trust Company, White Plains, N. Y., is chairman of G.S.B.'s Board of Regents.

* Reappointed.

A.B.A. Staff Changes Announced by Executive Manager Merle E. Selecman During Washington Convention

Eugene C. Zorn, Jr., director of research on the permanent headquarters staff of the American Bankers Association, has been advanced to deputy manager of the Association, according to Merle E. Selecman, A.B.A. executive manager. Mr. Selecman announced staff changes approved by the Administrative Committee of the Association, which met in Washington in connection with the 79th annual convention.

Among changes are a transfer of the secretaryship of the State Bank Division to Deputy Manager Walter B. French. Mr. French will continue to be in charge of the Association's Credit Policy, Instalment Credit, and Small Business Credit commissions.

Mr. Zorn, who joins the group of A.B.A. deputy managers, will continue to serve as director of research, secretary of the Commerce and Marine Commission, secretary of the Advisory Committee on Special Activities, and secretary of the Government Borrowing Committee.

Other Changes

Other staff changes include the appointment of Rudolph R. Fichtel, secretary of the Public Relations Council, to the additional duties as assistant secretary of the A.B.A. Savings Bond Committee; and James J. Saxon, assistant general counsel on the A.B.A. Washington staff, to the additional duties of assistant secretary of the Federal Depository Functions and Fiscal Procedures Committee. C. T. O'Neill, Jr., who is also from the Washington office of the Association, has been named assistant to the general counsel.

Dr. Murray G. Lee is the new secretary of the Research Council. Charles E. Orcutt, assistant secretary of the Trust Division, is in addition appointed assistant secretary of the A.B.A. Thomas L. Nims, who has been assistant secretary of the Savings and Mortgage Division, is advanced to secretary of the Savings and Mortgage Division; and George H. Gustafson, who is assistant secretary of the Organization Committee, will be, in addition, assistant secretary of the Savings and Mortgage Division.

Dr. E. Sherman Adams, who is deputy manager in charge of the Association's Department of Monetary Policy, has been given the additional title of assistant director of The Graduate School of Banking.

The Administrative Committee also approved the appointment of Joseph H. Wolfe, who for the past three years has been executive secretary of the North Carolina Bankers Association, as assistant secretary of the Trust Division and assistant to the executive manager (see page 84 October BANKING). Mr. Wolfe will join the New York staff some time this fall.

Get New Titles


Walter B. French


Eugene C. Zorn


R. R. Fichtel


James J. Saxon


C. T. O'Neill, Jr.


Murray G. Lee


Charles E. Orcutt


Thomas L. Nims

G. H. Gustafson

E. S. Adams

Safe Deposit Liability Insurance Premium Rate Cut Coming, Says Harrington

Burglary, Holdup Attacks 35% Higher Than in 1951-1952

"Casualty companies will revise downward the premium rates charged for safe depository liability insurance which will mean a savings to banks of from $60,000 to $70,000," Harry F. Harington, chairman of the A.B.A. Insurance and Protective Committee, told the Association's Executive Council at its recent meeting in Washington. Mr. Harrington is vice-president, The Boatmen's National Bank, St. Louis.

"If this cut seems small in contrast with the much larger amounts of reductions allowed on blanket bond and registered mail insurance rates since 1936," Mr. Harrington said, "it is due to the comparatively small amount of total premium—about $600,000 annually—paid for safe depository liability insurance."

Mr. Harrington reported that the National Bureau of Casualty Underwriters had agreed to combine into one contract optional clauses to provide protection furnished by the Comprehensive Safe Depository Liability Policy and the improved Safe Deposit Box Burglary and Robbery Policy to which the Committee agreed in September 1952.

"The improved contract and lower rates have been filed with the insurance supervisory authorities in all states," he said, "and they are expected to become effective early in December."

The Insurance and Protective Committee report included these facts:

"Crimes of violence against banks reported during the fiscal year ended August 31 register the ninth consecutive increase. This year's total of 269 burglary and holdup attacks is a 35 percent increase over the 195 similar raids reported in 1951-52 which, in turn, was a 35 percent increase over 144 attacks reported in 1950-51.

"The 269 crimes of violence comprise 25 attempted burglaries, 47 burglaries, 51 frustrated holdups, and 137 holdups, also five attempted night depository burglaries, two night depository burglaries, and two attempted night depository thefts.

"The initial 'take' of burglaries and bandits was reported as $1,721,919, but early recoveries of $437,262 brought down those losses to a total of $1,284,657 taken from 123 member banks and 63 non-member banks during the fiscal year. A breakdown shows that burglaries netted $157,127, holdups, $1,098,530, and night depository burglaries $29,000."

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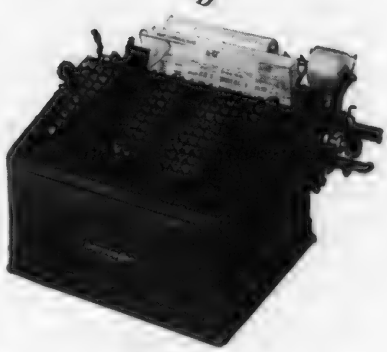

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Burroughs B

Millicent A. Trichler Named Chairman A.B.A. School Savings Banking Committee

Millicent A. Trichler, assistant secretary of the Dollar Savings Bank of the City of New York, has been appointed chairman of the Committee on School Savings Banking of the Savings and Mortgage Division of the American Bankers Association, according to an announcement by Division President John W. Kress, executive vice-president of The Howard Savings Institution, Newark, N. J. She is the first woman to head an important standing committee of an A.B.A. division.

Miss Trichler has been director of school savings for the Dollar Savings Bank since 1945 and has built her bank's program to one of the largest in the entire country. The bank elected her assistant secretary in April 1951.

In the A.B.A., Miss Trichler has been a member of the Committee on School Savings since 1951, and was chairman of the National School Savings Forum held at the Hotel Statler in New York City in March 1953.

New Book Gives Samples of "By-Laws for State Banks"

The State Bank Division of the American Bankers Association has a new publication, "By-Laws for State Banks," which is available to A.B.A. member banks upon request to the Division.

The foreword explains its purpose: "The State Bank Division of the American Bankers Association is frequently asked for a set of model or suggested by-laws to assist new state banks in drawing up by-laws or old state banks in revising their by-laws.

"Inasmuch as state banks in the various states operate under different laws, it is not possible to draw up a single set of suggested by-laws. These by-laws were gathered from the different state banking departments which recommended by-laws for banks under their jurisdiction. Sincere thanks are expressed to those supervisors who so readily cooperated in supplying this information.

"The by-laws herein are intended to serve only as a guide. Local conditions and the banking laws of the state in which the bank is located must be taken into consideration in drafting by-laws for any individual bank."

The new publication contains examples of by-laws from 21 states: Alabama, Arkansas, California, Colorado, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, North Dakota, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington.

Millicent A. Trichler

Pittsburgh and Philadelphia Repeat Courses on Credit

Small manufacturers in Pittsburgh and owners and managers of small business in Philadelphia are receiving courses in credit through the joint sponsorship of Pennsylvania Bankers Association Groups 1 and 8, and the Small Business Credit Commission of the American Bankers Association.

In Pittsburgh, the school is held with the cooperation of the School of Business Administration of the University of Pittsburgh. The courses are taught each Wednesday night from September 30 through December 2 at the University's Cathedral of Learning.

In Philadelphia, the previous school was so successful that it is being repeated, again in cooperation with Temple University. W. W. Delamater, assistant vice-president of Land Title Bank and Trust Co., wrote in the May 1953 BANKING that the last course had excellent results. Said he: "The small businessman is benefiting from the experience of a selected group of practical men. The bankers of Philadelphia are benefiting from a better-informed group of small businessmen, and Temple University is delighted with a new class of 190 businessmen. It has been a profitable experience for all."

New A.B.A. Direct Mail Folders Ready for Bank Use

Three recently completed direct mail folders are being offered by the Advertising Department of the American Bankers Association, as follows:

Savings—"You Can Have $1,000 in the Bank"

Personal loans—"To People Who Hesitate to Borrow"

Home repair loans—"Putting It On Costs Less Than Putting It Off"

A.B.A., Rutgers, Harvard

(CONTINUED FROM PAGE 95)

Kyle K. Fossum, auditor, Federal Reserve Bank of Minneapolis; *Combating Headache Checks.*

Frederick P. Godsoe, assistant auditor, Second National Bank of Boston; *Management Continuity—A Need for Positive Action.*

William H. Handrich, trust officer, First National Bank, Belleville, Ill.; *Manual of Operations for Personal Trust Departments of Illinois Banks.*

George Norris Hardesty, assistant vice-president; Merchants National Bank, Mobile, Ala.; *Bank Loans on Standing Timber.*

John Wilson Harris, assistant cashier and assistant trust officer, Central-Penn National Bank, Philadelphia; *The Banker Speaks—A Study of the National Public Speaking Contests of the American Institute of Banking.*

Thomas William Harris, assistant comptroller, Central National Bank, Cleveland; *Budgetary Control for Commercial Banks.*

Leslie N. Hutchinson, assistant cashier, National Shawmut Bank, Boston; *The Broiler Industry in New England and Its Financing.*

Charles James Kittredge, Jr., assistant branch manager, First National Bank, Boston; *A Clearing Plan for the Settlement of Interline Freight Bills.*

N. Hall Layman, 2nd vice-president, The Northern Trust Co., Chicago; *Chicago Board of Trade and the Financing of Its Members.*

Wilbur F. Mayer, assistant cashier, First National Bank & Trust Co., Hamilton, O.; *The Bank and Agent Auto Plan.*

Charles L. Miller, assistant vice-president, Phoenix State Bank and Trust Co., Hartford, Conn.; *Bank Loans to Occupational Credit Unions in Connecticut.*

Merle Benton Mitcham, assistant trust officer, Oil City (Pa.) National Bank; *The Estate and Trust Administration of Oil Production in Pennsylvania.*

Claude Babcock Navarro, examiner, Federal Deposit Insurance Corporation, New York; *Factors Affecting Sugar-Cane Crop Loans in Puerto Rico.*

Earl A. Patch, vice-president and cashier, Third Northwestern National Bank, Minneapolis; *The Trailer Coach—Its History, Development, and Financing.*

Arnold B. Peek, assistant vice-president, Security-First National Bank, Los Angeles; *Warehouse Receipt Financing—The Bank-Warehouse Relationship.*

R. Forbes Perkins, assistant cashier, Second National Bank, Boston; *Wool Topmaking and Loans to the Wool Topmaker.*

H. Wendell Phillips, deputy comp-

(CONTINUED ON NEXT PAGE)

(CONTINUED FROM COLUMN 3, PRECEDING PAGE)

troller, Bowery Savings Bank, New York; *Methods Improvement in a Savings Bank through Use of Work Simplification Charting Techniques.*

Eads Poitevent, Jr., assistant vice-president, National Bank of Commerce, New Orleans; *The Motor Bank.*

John Stanton Roome, assistant secretary, The Hanover Bank, New York; *Federal Public Housing Authority Securities and the Banks.*

Harold A. Shircliffe, tax counsel, Chicago Title & Trust Co., Chicago; *Testamentary Additions to an Existing Trust.*

James G. Smith, assistant vice-president, Franklin National Bank, Franklin Square, New York; *Mortgage Origination in a Commercial Bank.*

Richard Milton Stetson, assistant treasurer, Franklin County Savings Bank, Farmington, Maine; *Mobile Banking.*

Edward Daniel Tisch, assistant vice-president, The Public National Bank & Trust Co., New York; *The Development of Lending Officers for Commercial Banks.*

Braxton Bryan Townsend, trust officer, Peoples Bank and Trust Co., Rocky Mount, N. C.; *Farm Management as a Trust Company Service in Eastern North Carolina.*

Joseph T. Trapp, assistant treasurer, Liberty Bank of Buffalo; *Credit Insurance a Factor in Bank Lending.*

Richard B. Tuttle, Jr., assistant treasurer, Bank of New York; *The Signature Guaranty.*

Winthrop B. Walker, vice-president and trust officer, The Canal National Bank, Portland, Me.; *A Re-examination of Common Stocks as Long Term Investments.*

Tony L. Westra, assistant vice-president, Northwest Security National Bank, Sioux Falls, South Dakota; *The Western Corn Belt Cattle Feeder and His Banker.*

James P. Winchester, vice-president, Norfolk County Trust Co., Brookline, Mass.; *Consumer Instalment Loan Losses and Valuation Reserves.*

Frank E. Young, secretary, Bank of America N. T. & S. A., San Francisco; *Appraising Employee Practice.*

Loan Charts, Tabulations Edited by Research Council

The Research Council of the American Bankers Association will make available charts and tabulations of the business, real estate, and "other" loans of weekly reporting member banks in 94 cities to bring up to date the data included in its recent publication, *The Trend of Bank Loans* (see page 59, August BANKING).

These compilations will cover half-yearly periods and will be available as soon as practicable after the close of each period.

A small charge will be made for the compilations to cover the cost of reproduction and mailing. Orders should be sent to Research Council, A.B.A., 12 East 36th Street, New York 16.

Adam J. Zaun, assistant comptroller, Franklin Savings Bank, New York; *The Postal Savings System.*

Andrew Ziegeler, assistant vice-president, The Merchants Bank of New York; *Loans Secured from Banks by Assignment of Accounts Receivable.*

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

TV Terms Tightening?

"THERE appears to be a nationwide trend toward more conservative terms in the financing of television by banks," according to Paul M. Welch, vice-president of The Citizens & Southern National Bank, Atlanta. Mr. Welch, who also is immediate past chairman of the Instalment Credit Commission of the A. B. A., writes a monthly "Instalment Notes," which is distributed by his bank.

Many banks, he writes, have reduced their repayment periods from 24 to 18 months, and others have also required cash down-payments in addition to trade-in involved, if any.

"Various reasons have prompted lending banks over the country to take these steps. Among these are:

"(1) Increased repossessions—Repossession ratios the early part of this year, reflecting last fall's sales, were out of balance. Poor screening of credits, plus high-pressure selling, oversold particularly the higher-priced set to the lower-class group.

"(2) Declining prices in saturated areas — especially in the hotter markets, saturation has occured at an earlier point than anticipated. With distributors' quotas being unchanged, the natural result was more forced sales and sharp price cutting.

"This trend is tempered only by the new stations coming into operation, where price cutting has not yet reached any major proportions."

N.Y.C. Bank Discontinues Nonrecourse Dealer Plan

National City Bank of New York is discontinuing its nonrecourse plan of financing with appliance dealers.

This was first disclosed by J. Andrew Painter, vice-president and head of the instalment loan department, at a consumer credit meeting in Syracuse, sponsored by the New York State Bankers Association.

Mr. Painter said that the change was not being made "because of abnormally high delinquencies, but rather because of the abnormally high rejections. We feel," he said, "that it is timely for our appliance dealers to be required to be more selective in the credits submitted to us, and some measure of recourse should improve the situation."

Mr. Painter said the bank had sent to dealers a letter offering two alternative plans—limited or full recourse. The letter pointed out that the picture is changing into a "salesman's market" and hence the bank's change in service "because it appears that additional emphasis must be placed on sound selling methods and complete customer satisfaction."

"A Target and a Policy" Urged by L. J. Asterita

"THINK of these four new C's formulating sound, constructive, and flexible credit polices: Courage; Confidence; Conditions; Common Sense. Courage to adopt sound policies regardless of regulation and competition. Confidence in ourselves and in

the public. Conditions—up or down; if credit is sound when granted, it will always be sound. Common sense—the application of understanding, combined with good horse sense."

So said Louis J. Asterita, A.B.A. deputy manager and secretary of the Instalment Credit Commission, in an address to the Instalment Credit Workshop of the Texas Bankers Association at Beaumont, October 12-13.

The four new C's made the first of eight specific suggestions. The others:

(2) Check credits a little closer—both direct and indirect.

(3) Make your operation more efficient.

(4) Analyze costs as best you can as of today.

(5) Increase rates to carry cost if necessary.

(6) Analyze your collection and renewal policy.

(7) Set up adequate reserves.

(8) Reappraise your dealers with respect to: financial status; selling methods and practices; service; how they take care of trade obligations; and make certain you maintain current up-to-date dealer files.

Mr. Asterita notes indications that the next year or two could bring adjustments in our economy—mostly a downward trend in prices and production. This will not, he says, add up to a depression. "Readjustment? Yes."

Gone is the seller's market, he said, "which served as an added protection against repossession. With prices leveling off, gone also are the additional equities established through increases in prices of durable goods.

"Common sense dictates that we adopt a good loan policy and stick to it, no matter what pressures come from competition or from dealers.

"The test of a good loan policy should be:

(1) Is it good for the bank?

(2) Is it good for the borrower?

(3) Is it good for the economy of the area the bank serves?

"Too liberal credit when boom conditions pervail merely adds to the spiral of inflation. Conversely, a too restrictive credit policy adds to the deflationary pressures and accentuates or intensifies a business decline. Either one has an unstabilizing effect on business.

"Adherence to the middle-of-the-road course is not easy; but the important thing to remember in the extension of instalment credit is to have a target and a policy. The target should not only be well within our financial resources, but also well within our resources of competent personnel and management manpower.

"Good loan policy is, therefore, not trying to see how much credit can be extended. Good loan policy is trying to see how constructive the extension of credit can be for the borrower, for the bank, and for the economy."

Offer Cycle Post Study

DIEBOLD, Incorporated has developed a procedural study on cycle post, which it feels would be of great help to banks.

The new study includes samples of forms used to achieve a smooth flow of consumer loan paperwork with the Cycle Post system. The elimination of daily posting, daily pulling, and daily sight posting is a major advantage, the company says.

Faster handling of accounts, more accurate controls, less danger of misfiling, and automatic flagging of delinquencies are among the other benefits claimed.

Requests for a free copy of Cycle Post Procedure Study, including sample forms, should be addressed to Sales Promotion Department, Diebold, Incorporated, Canton 2, Ohio.

News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

New Christmas Club Manual

REVISION of the publication, *Christmas Clubs—An Outline of Their Development and a Description of Various Systems of Operation,* has been completed by the Savings and Mortgage Division of the American Bankers Association and is available upon request without charge.

This booklet includes a brief outline of the early history of the clubs in Scotland and the United States and reviews the essential facts about the five major systems for operating club accounts; namely, passbook, card, coupon, keysort, and stamp. It also covers the "voucher" system, a relatively new plan in the club account field.

Samples of the forms used in the operation of each of the systems are included in the presentation.

The manual points out that statistics show that between 25 percent and 30 percent of Christmas Club account funds are deposited in the permanent type of savings and that the clubs are, therefore, effective in promoting regular deposits for a substantial number of depositors.

"The club also teaches thrift through the accumulation of small amounts of money," the booklet states. "Banks have advertised many years for small deposits to be made regularly for their savings departments, hence the club emphasizes the normal promotion. While club accounts indicate savings for a purpose, they also teach savings without withdrawal, two characteristics valuable to savings banks."

Christmas Clubs was produced by the Savings and Mortgage Division's Committee on Savings Management and Operations, which is headed by John I. Millet, president of the Troy (New York) Savings Bank.

J. R. Dunkerley Honored for 25 Years of A.B.A. Service

J. RAYMOND DUNKERLEY, deputy manager of the American Bankers Association, was honored recently for his more than 25 years as a staff member of the Association by the

A.B.A. Savings and Mortgage Division and Organization Committee. He was presented with an engrossed scroll and a silver tray at the annual meeting of the Division in Washington.

Since Mr. Dunkerley joined the A.B.A. in 1927 as assistant to the executive manager, he has always worked closely with both the Division and the Organization Committee. Ten years ago he was made secretary of the two groups, and in 1945 was appointed a deputy manager of the Association.

The scroll and tray were presented to Mr. Dunkerley jointly by Wendell T. Burns, then president of the Savings and Mortgage Division, and senior vice-president, Northwestern National Bank, Minneapolis; and Barney J. Ghiglieri, chairman of the Organization Committee and president, Citizens National Bank, Toluca, Ill.

The scroll reads:

"To J. Raymond Dunkerley in recognition of 25 years of devoted service and distinguished leadership in the American Bankers Association, this testimonial is presented with affection and appreciation in behalf of the Savings and Mortgage Division and the Organization Committee."

Mr. Ghiglieri said that the silver tray was symbolic of Mr. Dunkerley's "sterling qualities, sterling integrity, and the sterling manner in which you have guided us fellows from all over the country."

W. Harold Brenton, president of the State Bank of Des Moines, Iowa, and then president of the A.B.A., and Everett D. Reese, president of the Park National Bank of Newark, Ohio, and now president of the A.B.A., also paid tribute to Mr. Dunkerley.

HARRIS & EWING

A.B.A. Deputy Manager Dunkerley receives 25-year service award from Chairman Ghiglieri. ***Seated at speakers' table, left to right,*** **Joseph R. Jones, vice-president, Security - First National Bank of Los Angeles; John W. Kress, executive vice - president, The Howard Savings Institution, Newark, and incoming president, Savings and Mortgage Division; Roy L. Reierson, vice-president, Bankers Trust Co., New York, guest speaker**

"I am glad to have had the opportunity of serving with him this year," Mr. Brenton said, "because he does something to an officer of an association. It is a genuine pleasure for me to have the opportunity of telling you of the fine, outstanding work that Ray has long been doing, and to have the opportunity of thanking him for the fine work he has done in the interest of the bankers of America."

Class Hangs Up 100% Record

OUTSTANDING among the 820,000 school savers in New York City are the pupils of the sixth grade of Public School 23 at 71 Mulberry Street, all of whom for the past four years have had a 100 percent record of regular savings. Most of the pupils in this school are of Chinese extraction.

In recognition of their excellent performance, the class has been presented with an honorary banner by the Bowery Savings Bank.

Total deposits in the school savings accounts by the pupils in 993 schools amount to $29,163,441.07. This is better than $35.60 per pupil.

Bowery Savings Bank, New York City, honored this sixth grade class for a four-year 100 percent record of regular savings

★

2½% Rate Ceiling Lifted On New York Savings Banks

THE 2½ percent ceiling on interest rates savings banks may pay on deposits in New York State was removed early in October by the State Banking Board. At the same time, the Board lifted the ceiling on rates of dividends paid by savings and loan associations. These have ranged for the last 20 years from a low of 3 percent on savings shares to a high of 5 percent on free instalment and cumulative preferred shares.

A 2 percent interest rate ceiling on savings accounts was established in 1933, after the bank holiday, and this was raised to 2½ percent in February 1952.

In announcing the Board's action, Superintendent of Banks William A. Lyon said it would give banks and S&L associations more discretion and responsibility in determining wise rates of return to depositors and shareholders.

The Board's action does not, of course, affect the 2½ percent limit on Federal Reserve member commercial banks' interest.

Central Bookkeeping Via TV

THE Rockefeller Center Office of the New York Savings Bank, which opened for business late in October, is being operated under a central bookkeeping system made possible by the installation of electronic devices connecting it with the

bank's main office at 14th Street and Eighth Avenue in New York City. The bank will use a television closed circuit coaxial cable system with the IBM system of deposit liability.

All signature cards and balance verifications will be made by TV, since all records will be kept at the main office. This makes it possible for depositors to use both offices of the banks for all banking services.

Additional details of the New York Savings Bank's "Bankavision" system were reported in May BANKING.

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

Boom Year in 1954, Forecasts Miles Colean

THE year "1954 will be another boom year for building," forecasts Economist Miles L. Colean in an analysis of the factors affecting the future trend of construction in *Architectural Forum*. "Continued activity in all types of construction is expected to maintain next year's industry expenditures at close to the record volume of 1953 and 1952," he said.

Mr. Colean's analysis included these remarks:

"During 1953 the dollar volume of construction will be the largest in history — over $34.6-billion. Practically every form of new construction activity—private and public—will share in this $2-billion advance over the record set in 1952.

"Next year—1954—is certain to be another big year. Although it will not set a new record, 1954 seems sure to exceed 1952's volume of activity, and 1952 was the record year up to then (see table at right). Even allowing for inflation, the 1954 volume will compare favorably with previous years.

"Just *how* big 1954 will be depends a good deal on what the construction industry itself does about it. It will be a year of tough competition in which the customer's canny buying must be matched by aggressive, imaginative selling. Yet markets still are far from saturation, basic sources of demand remain in force, and the economy still is strong. The year can be big if industry is determined to make it big."

The comparative new construction activity for the years 1952, 1953, and 1954 appearing at right was a part of Mr. Colean's *Forum* forecast.

Construction Remains High

EXPENDITURES totaling $3.3-billion for new construction in September were virtually the same as the record August figure and were 5 percent above September 1952, according to preliminary estimates of the U. S. Departments of Labor and Commerce. Private construction

NEW CONSTRUCTION ACTIVITY (millions of dollars)

	1952 actual	1953 estimate	1954 forecast
Total new construction	**$32,638**	**$34,600**	**$33,300**
Private, total	**21,812**	**23,100**	**22,400**
Residential (nonfarm)	11,100	11,700	11,300
New dwelling units	9,870	11,350	9,900
Additions and alterations	1,045	1,100	1,150
Nonhousekeeping	185	250	250
Nonresidential building	5,014	5,400	5,200
Industrial	2,320	2,150	1,900
Warehouses, office and loft buildings	515	680	725
Stores, restaurants and garages	622	970	975
Other nonresidential building	1,557	1,600	1,600
Religious	399	450	400
Educational	351	410	450
Social and recreational	125	150	200
Hospital and institutional	394	300	300
Miscellaneous nonresidential	288	290	250
Farm construction	1,610	1,475	1,300
Public utility	4,003	4,430	4,500
All other private	85	95	100
Public, total	**10,826**	**11,500**	**10,900**
Residential building	654	500	350
Nonresidential building	4,119	4,600	4,200
Industrial	1,667	1,900	1,700
Educational	1,619	1,800	1,800
Hospital and institutional	473	400	300
Administrative and other nonresidential	360	500	400
Military and naval	1,388	1,400	1,200
Highway	2,860	3,100	3,300
Sewer and water	692	750	800
Miscellaneous public service enterprises	193	150	200
Conservation and development	854	900	800
All other public	66	100	50

Source: 1946-1952, US Departments of Commerce and Labor; 1953 and 1954 estimated by ARCHITECTURAL FORUM.

alone accounted for the entire increase from 1952.

Private expenditures for new construction ($2.2-billion) were 8 percent above the September 1952 figure, while total public outlays ($1.1-billion) were about the same as a year ago.

Subcommittees of Ike's House Advisory Committee

PRESIDENT EISENHOWER'S Advisory Committee on Housing Policies and Programs, at its first meeting in Washington, mapped out major areas of study over the next two months, from which to develop recommendations for the President and the Housing Administrator by January 1.

The Committee set up five subcommittees, each headed by a member of the Executive Committee, as follows:

Housing Credit Facilities:

G. L. Bliss, president, Century Federal Savings & Loan Ass'n., New York, *chairman;* Aksel Nielsen, president, Title Guaranty Co., Denver; Robert Patrick, vice-president, Bankers Life Insurance Co., Des Moines; R. G. Hughes, vice-president, National Ass'n. of Homebuilders, Pampa, Tex.; A. R. Gardner, president, Federal Home Loan Bank, Chicago; and N. P. Mason, treasurer, William P. Proctor Co., North Chelmsford, Mass.

FHA and VA Housing Programs and Operations:

Rodney Lockwood, Detroit homebuilder, *chairman;* T. W. Moses, attorney, Pittsburgh; Wm. A. Marcus, senior vice-president, American Trust Co., San Francisco; John J. Scully, vice-president, Chase National Bank, New York City; and Robert M. Morgan, vice-president and treasurer, Boston Five Cents Savings Bank.

Urban Redevelopment, Rehabilitation, and Conservation:

J. W. Rouse, member, Ross-Rouse Co., mortgage bankers, Baltimore, *chairman;* R. J. Gray, president, Building and Construction Trades Dept., AFofL; R. T. Walker, past president, American Institute of Architects, New York; E. A. Camp, Jr., vice-president and treasurer, Liberty National Life Ins. Co., Birmingham; and Alex. Summer, Alexander Summer Co., realtors, Teaneck, N. J.

Housing for Low-Income Families:

E. J. Bohn, director, Cleveland Metropolitan Housing Authority, *chairman;* P. R. Williams, Los Angeles, architect; James Thimmes, chairman CIO Housing Committee, Pittsburgh; Bruce Savage, Bruce Savage Co., realtors, Indianapolis; and Ben H. Wooten, president, First National Bank, Dallas.

The fifth study, on *Organization of Federal Housing Activities in the Federal Government,* will be made by members of the executive committee under the chairmanship of Aksel Nielsen.

Dime Expands Home Exhibit

THE Library of Homes and New Home Buyers Exhibition off the lobby at the DeKalb Avenue and Fulton Street office of The Dime Savings Bank of Brooklyn was redesigned and enlarged this fall for National Home Week. The exhibit is maintained jointly by the Dime Savings and the Long Island Home Builders Institute.

According to Dime President George C. Johnson, more than 250,000 persons have visited the display since its opening in 1948.

Occupying an area of more than 5,000 square feet, the exhibit shows the newest offerings of more than 100 builders of houses and apartments on Long Island. Westchester County builders have been invited to participate and one is now doing so.

Pictures, floor plans, and description of the principal features of each project are shown on panels. Literature describing many of the projects is also available.

9-Month Housing Starts Roundup

THE September estimate of 92,000 new permanent nonfarm dwelling unit starts was only 2,000 less than in August and brought total housing starts thus far in 1953 to 863,400 units, the Labor Department reports. The actual number of starts for the first nine months of this year was the highest in history except for the record year 1950.

On a seasonally adjusted basis, September starts were at the annual rate of 989,000, compared to 970,000 in August and 1,102,000 in September last year. For the third quarter as a whole starts were 7 percent less than in 1952, though for the first half of the year 1953 was ahead of 1952.

Until the decline in February, the seasonally adjusted annual rate of starts had been above the 1,000,000 mark ever since July 1952. Public housing has been declining steadily all this year, accounting for part of the over-all drop.

NEW PERMANENT NONFARM DWELLING UNITS STARTED 1952-53

Month	No. dwelling units started— 1952	1953
	Total (private and public)	
Total	1,127,000	....
Jan.	64,900	72,100
Feb.	77,700	79,200
March	103,900	105,800
April	106,200	111,400
May	109,600	108,300
June	103,500	102,000
July	102,600	96,000*
Aug.	99,100	94,000*
Sept.	100,800	92,000*
Oct.	101,100	....

* Estimated.

FHA Slum Loans Forecast

BY 1954 FHA-insured rehabilitation loans should be available to home owners and home builders to help eliminate slum conditions in cities and smaller communities in the United States, Federal Housing Administration Commissioner Guy T. O. Hollyday recently told a New York City audience of nearly 1,000 home builders.

"Any such program must benefit whole neighborhoods," the Commissioner said. "Only when cities have shown that they are ready, willing, and able to take steps necessary to remove the blight and to preserve long-term real estate values will the FHA be justified in extending its facilities for mortgage insurance to properties in slum districts.

He cited the "Baltimore Plan" as a good example of the steps that might be necessary to qualify.

Equitable's Prefab Record

WRITING on "Prefabricated Homes

(CONTINUED ON PAGE 106)

NEW MOSLER "SNORKEL" CURB TELLER makes drive-in banking service possible "right downtown."

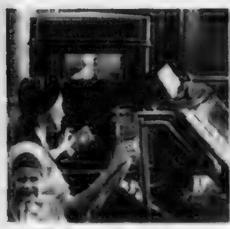
New Symbol of the Modern Bank THE NEW **MOSLER CENTURY 10** BANK VAULT DOOR

Mosler beauty is functional beauty in this magnificent, modern bank vault door. The design is the combined work of famed industrial designer Henry Dreyfuss and Mosler engineers. No detail was overlooked to make its ease of operation and security as outstanding as its appearance. Incorporated are all the virtually impregnable protective features that have made Mosler the overwhelming choice of leading banks the world over.

YOU'RE LOOKING AT *the substance of America's bold, new concept of tomorrow in banking . . .*

Modern Ideas

. . . developed under Mosler leadership to bring your own bright, forward-looking vision of the modern bank to full reality. Ideas that introduce not only a new kind of glistening, functional beauty . . . but a new kind of "super service" that will help you bring in new accounts.



NEW MOSLER ELECTRIC DRIVE-IN WINDOW is fully automatic, operates with simple "push button."

MOSLER DUAL NIGHT DEPOSITORIES help banking establishments stay "open for business" around the clock.

NEW MOSLER TELLER'S COUNTER UNITS and "Swing-Way" Seats combine to reduce teller fatigue, increase overall efficiency.

MODERN REVO-FILE gives bank clerks and tellers finger-tip control over thousands of cards.

THE COMPLETE LINE of Mosler Record Safes includes Ledger Desk Safes, which protect signature and credit cards where they're used.

IF IT'S MOSLER . . . IT'S SAFE

The **Mosler Safe** *Company*
Since 1848

World's largest builders of safes and bank vaults . . . Mosler built the U. S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

(CONTINUED FROM PAGE 103)
Prove Good Security for Mortgage Loans" in the September issue of *PF—The Magazine of Prefabrication,* John M. McGill, superintendent of city loans, Equitable Life Insurance Co. of Iowa, Des Moines, told about Equitable's experience with prefab loans. A few excerpts:

"The Equitable has accepted as security five different types of prefabricated homes located in 12 states. The greatest volume, however, was in National Homes and by the end of 1949, our total investment outstanding in FHA loans secured by them consisted of approximately 2,100 loans involving $13,000,000. Our peak investment in loans on prefabricated houses was reached in 1951, at which time we had approximately 2,400 loans totaling $14,500,000.

"Since the Equitable was offered only the National in any volume, this was the only house that was analyzed from every angle prior to our approval of the loans. The method of constructing the house was carefully checked by our specialists at the factory in Lafayette. Many trips were made to various cities to personally view the actual erection of the house on the site.

"Hundreds of inspections were made of houses in many cities in all stages of construction, and the plans and specifications of all the models manufactured by National were submitted to a nationally known architect and his report was, of course, favorable. . . .

"Practically all of our loans on prefabricated houses are FHA-insured loans. The locations of all were carefully checked by a home office representative and the credit standing of each borrower was carefully analyzed by our home office underwriting department, following the same procedure required with other mortgage loans purchased by the company.

"It is interesting and pleasant to note that one of the best collection records established over the years belongs to the National Homes Acceptance Corp., which services the largest number of loans for the Equitable, and all of these loans are secured by National Homes.

"It is the consensus of the investment division of Equitable that a prefabricated house offers satisfactory security for a long-term mortgage loan, that the prefabricated house is now readily accepted by the general public, and that it is structually sound. There have been only five loans on National homes wherein foreclosure proceedings resulted in actual acquisition of the subject house, and in no case did the FHA report excess waste or wear and tear beyond the normal."

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Mrs. Staub Speaks on Estate Planning

"To be effective, estate plans must be reviewed at regular intervals and kept up-to-date," Nancye B. Staub, assistant vice-president of the Morristown (N. J.) Trust Company, told the Association of Bank Women convention in Washington. "This gives the estate planner," she said, "an opportunity for close contact with the customer, another important factor in keeping trust business.

"In estate planning I find that one effective way of making the customer realize the value of the service is to pre-probate his estate as it exists before any planning is done; make a complete analysis with specific recommendations for accomplishing the customer's objectives in the most effective and economical manner, and to do the arithmetic on the proposed method and make a comparative analysis. It is not unusual to show very substantial savings in administration expenses and taxes as a result of planning.

"In addition, it is often possible to effect substantial income tax savings annually. This is one point in estate planning which I feel is often neglected. Great stress is placed on savings that can be effected in estate taxes but often insufficient thought is given to savings in income tax, which is a recurring item and, therefore, of great importance.

"Substantial savings and great benefits may also be derived from coordinating insurance with the rest of the estate. Many times liquidity is lacking in an estate and it becomes necessary to convert some assets into more liquid form, plan to use existing insurance to provide liquidity or perhaps purchase additional insurance for the purpose. Life insurance is one of the most valuable tools in estate planning and great care should be used to get the most out of the insurance estate."

Investments Study

The A.B.A. Trust Division's Committee on Trust Investments has completed a study on "Investment Supervision and Review Procedure for Smaller Trust Departments" and its report appears on page 9 of the September *Trust Bulletin.*

The report is made by Richard P. Chapman, president of the Merchants National Bank, Boston, and chairman of the Trust Division's Executive Committee. He was formerly chairman of the Trust Investments Committee.

Estate Administration Book

An illustrated booklet recently published and sent to customers and friends by the Berks County Trust Company, Reading, Pennsylvania, is entitled "Estate Administration—Particularly for Residents of the Berks County area."

It was mailed with a small invitation-to-visit-the-bank folder and the business card of Vice-president and Trust Officer Harold E. Bright.

The occasion for the booklet was the opening of the bank's modernized trust quarters. A minimum of selling copy is used on alternating

pages facing photographs of the bank's trust investment committee; bookkeeping facilities of the trust department; customers — man and wife — conferring with Mr. Bright; conference between customer, his attorney and insurance counsellor, and trust officers; and the bank's board of directors.

The booklet also includes a roster of the bank's board of directors, trust officers, and trust committee.

Marital Deduction Pointers

"THE marital deduction has complicated the administration of estates much less than had been generally anticipated," Robert M. Lovell, vice-president of The Hanover Bank recently told the New York State Bar Association's Banking-Law section at a meeting in Buffalo.

Discussing "Administering the Marital Deduction—A Summary of Five Years' Experience," Mr. Lovell summarized the experience of 36 leading trust companies from all sections of the country. In a total of 1,202 estates, the marital deduction caused administration difficulties in only 62 estates, or 5 percent of 699 estates in which the Federal Estate Tax audit had been completed, the marital deduction, as such, had caused audit difficulties in only 24 estates or 3.4 percent.

Replies to a questionnaire revealed that administration problems are most likely to arise in estates in which the spouse receives a legacy measured by the marital deduction formula and the residue goes to others, Mr. Lovell said. That situation invites difficulties in allocating income and in apportioning profits and losses, he added. Twenty-four out of 30 trustmen expressed a preference for a formula clause which measures a fractional share of the residue rather than one which fixes the dollar amount of a legacy and pointed out that when the widow receives a share, allocation problems are avoided.

The problems, which trustmen fear will plague them most, may arise if the widow exercises her general power of appointment by creating further trusts, Mr. Lovell asserted. She may, by adding co-trustees or dividing the trust into several small ones, substantially reduce the trust company's commissions while adding to its duties. Also, if she has no personal estate, the trust company may be saddled with the unremunerated task of settling her debts and taxes.

In conclusion, Mr. Lovell summarized precautions to be exercised in planning an estate involving the marital deduction. The finished plan and will, he said, might be exposed to these eight tests:

(1) Include a good tax clause. Make sure that taxes will not be paid from the marital share.

(2) Know all the facts about family assets. Determine what property will pass by your client's will and what additional assets will be included in his taxable estate.

(3) When you draw a will using the M. D. formula, figure out how large the formula amount will be. If it is too small, be sure it goes outright and not in trust.

(4) Be sure the trustee gets adequate compensation.

(5) Determine whether your client wishes his widow to receive a legacy or a share.

(6) Consider what income the widow will receive during the period of estate administration.

(7) Before deciding against use of the M. D., compute the postponement advantage assuming death occurs tomorrow.

(8) Test the plan by considering, "What will happen when the widow dies?"

Farm Management As a Trust Service V

NOEL T. ROBINSON

After a lapse of two months, BANKING *resumes presentation of the* ROBINSON *article. The author is vice-president of the Central National Bank & Trust Co., Des Moines.*

THERE are three types of farm tenancies: (1) all land rented on a cash basis; (2) division of crops and cash rental on the pasture, hayland and buildings; and (3) a livestock share lease in which the owner contributes the land, the permanent buildings, one-half the investment in livestock, crops, and expenses necessary to carrying on a livestock operation.

In this arrangement the tenant furnishes the machinery and labor, one-half the interest of livestock, one-half the expense in said fertilizer and expenses necessary to carry on the livestock operation.

The cash rental leases are of no value and are only used when an owner desires to relieve himself of all details and management and refuses for some reason to hire a professional farm manager. This is the easy way out for a few owners, but it is not fair either to the owner or the tenant. The grain share lease is the most common in the Midwest. This is the fair way from owner and tenant's standpoint to lease a farm. If the crops are good, the owner shares in one-half of the good crops. If the crops are poor, of course, he shares in one-half of the poor crops, but he always shares in the crops that are there under this plan; consequently, never overcharging or undercharging in any given lease year. The livestock share lease is gaining in popularity in the Midwest, because there is a distinct advantage in marketing all grain through livestock, mainly because of soil conservation.

The other advantage, of course, is that until recently livestock has been at a very good price and the livestock programs in our county have paid more returns and more fees to us than the grain share farm. This additional income derived from the livestock share lease plan, however, is probably drawing to a close because of the livestock markets. For example, there was very little, if any, money made by the Iowa farmer last year in either their cattle or hog operations.

New Will-Planning Booklet

A NUMBER of helpful and important

suggestions are included in a new booklet—entitled "Does Your Will Need Replanning?" — published by The Northern Trust Company of Chicago. The 16-page booklet was prepared under the supervision of Don H. McLucas, vice-president in the Chicago bank's trust department.

This new publication points out that the first step in planning an estate is to provide your attorney with a realistic appraisal and inventory of all the property you own.

The booklet also explains the importance of considering such matters as insurance, joint tenancy, and business interests in drafting a will.

"Perhaps the most important consideration in planning for the future of your family," says The Northern Trust, "is the need for flexibility to meet changing conditions." The booklet then proceeds to explain how that flexibility can be achieved through "A Trust Under Will."

Northern Trust's new 18-page will-planning booklet features on its cover an earnest-looking "architect," complete with T-square, compass, and blueprints. His tools and manner symbolize the care, precision, and experience that go into the drafting of a will

Pacific Coast Trust Course

TWENTY-SIX trustmen from five West Coast states attended the first session of the three-year trust course introduced at this year's Pacific Coast Banking School at the University of Washington, Seattle. The school is sponsored by the state bankers associations of Arizona, California, Idaho, Montana, Nevada, Oregon, and Washington.

Program for Mid-Continent Trust Conference

THE effect of today's economic conditions and business prospects upon the administration of trusts will be discussed by leading attorneys, educators, financial experts, and busi-

(CONTINUED ON PAGE 154)

CALENDAR

American Bankers Association

Nov.	5- 6	Mid-Continent Trust Conference, Drake Hotel, Chicago
Nov.	16-18	National Agricultural Credit Conference, Chicago
Dec.	6- 8	Southern Secretaries Conference, Jung Hotel, New Orleans
Dec.	14-15	Western Secretaries Conference, Reno, Nevada
1954		
Jan.	21-22	Eastern Secretaries Conference, Commodore Hotel, New York City
Jan.	25-27	National Credit Conference, LaSalle Hotel, Chicago
Feb.	8-10	35th Mid-Winter Trust Conference, Hotel Waldorf-Astoria, N. Y. C.
Mar.	2	National School Savings Forum, Statler Hotel, New York City
Mar.	2- 3	Annual Savings and Mortgage Conference, Statler Hotel, New York City
Mar.	22-24	National Instalment Credit Conference, LaSalle Hotel, Chicago
Oct.	17-20	80th Annual Convention, Atlantic City

State Associations

Nov.	10-11	Nebraska, Fontenelle Hotel, Omaha
Nov.	12-14	Arizona, Arizona Biltmore, Phoenix
1954		
Apr.	8-10	Florida, Vinoy Park Hotel, St. Petersburg
Apr.	12-14	Georgia, Atlanta-Biltmore Hotel, Atlanta
May	5- 7	New Jersey, Chalfonte-Haddon Hall, Atlantic City
May	6- 7	Oklahoma, Skirvin Hotel, Oklahoma City
May	6- 7	Tennessee, Peabody Hotel, Memphis
May	9-12	North Carolina, The Carolina Hotel, Pinehurst
May	10-11	Maryland, Chalfonte-Haddon Hall, Atlantic City
May	10-12	Missouri, Jefferson Hotel, St. Louis
May	11-13	Ohio, Neil House, Columbus
May	12-13	Indiana, Claypool Hotel, Indianapolis
May	12-14	Kansas, Kansas City
May	14-15	New Mexico, Hilton Hotel, Albuquerque
May	16-18	Texas, Gunter Hotel, San Antonio
May	17-19	Mississippi, Buena Vista Hotel, Biloxi
May	21-22	North Dakota, Dacotah Hotel, Grand Forks
May	23-25	California, Huntington Hotel, Pasadena
May	23-26	Pennsylvania, Chalfonte - Haddon Hall, Atlantic City
May	25-27	Arkansas, Arlington Hotel, Hot Springs
May	27-29	Colorado, Broadmoor Hotel, Colorado Springs
May	29-June 3	Virginia, Cruise
June	3- 6	New York, Lake Placid Club, Lake Placid
June	5	Connecticut, Griswold Hotel, Groton
June	6- 8	Idaho, The Lodge, Sun Valley
June	9-13	Dist. of Columbia, Greenbrier Hotel, White Sulphur Springs
June	11-12	New Hampshire, Wentworth-By-The-Sea, Portsmouth
June	11-12	New Hampshire Mutual Savings, Wentworth-By-The-Sea, Portsmouth
June	11-12	Wyoming, Wort Hotel, Jackson
June	14-15	Minnesota, St. Paul Hotel, St. Paul
June	14-15	Utah, Utah Hotel, Salt Lake City
June	18-19	Vermont, Equinox House, Manchester
June	21-22	Washington, Winthrop Hotel, Tacoma
June	21-23	Wisconsin, Schroeder Hotel, Milwaukee
June	24-26	Michigan, Grand Hotel, Mackinac Island
June	25-26	New Jersey, Monmouth Hotel, Spring Lake
July	22-24	West Virginia, Greenbrier Hotel, White Sulphur Springs

Other Organizations

Nov.	9-13	Mortgage Bankers Association Annual Convention, Miami Beach, Florida
Nov.	16-18	40th National Foreign Trade Convention, National Foreign Trade Council, Inc., Waldorf-Astoria, New York City
Nov.	29-Dec. 4	Investment Bankers Association, Hollywood Beach Hotel, Hollywood, Florida
1954		
Oct.	18-21	National Association of Bank Auditors and Comptrollers, 30th Annual Convention, San Francisco

BANK LAW NEWS

Assignment of Account—Incompetent's Checks—Motor Vehicles

ASSIGNMENT OF BANK ACCOUNT

Oral Assignment Is Sufficient If Bank Consents

A DEPOSITOR may make a valid gift of his account by a mere oral order to the assistant cashier of his bank, given outside of the bank on a day on which the bank is not open for business, Pennsylvania's Supreme Court has held.

In so holding the court settled the ownership of a $5,000 savings account originally standing in the name of one Fulton Blose, deceased.

A few days before Blose's death, his landlady, Ellie Reber, went to the home of one Balliet, assistant cashier of the depository bank. She gave him Blose's bank book, and told him that Blose wished to see him at the hospital. Balliet went to the hospital, where according to Balliet, "Mr. Blose said that he wanted to put Mrs. Reber's name on the bankbook, and I said, 'O.K.'. . . . Then I said, 'When Mrs. Reber comes for money, shall I give her some?' And he says, 'Yes, that is Ellie's money.'"

Balliet assured Blose that he would "take care of everything" on Monday morning, there being no banking on Saturday. On Sunday Balliet heard that Blose had died, so he made no change in the account on Monday on the books of the bank. When Blose's administratrix claimed the account she was given the bankbook, but the bank paid the money in the account into court. In due course of time the courts held that the money in the account belonged to Mrs. Reber rather than to Blose's estate.

What Blose had done, said the court, was to assign his claim against the bank for the amount he had on deposit with it, by acknowledging as much to his debtor—the bank—and obtaining from it an agreement to pay the debt to his assignee. When Balliet left Blose in the hospital with the assurance that he would attend to making the formal entries on the bank's books, Blose had done everything necessary to effectuate the assignment, the court held.

The court pointed out that an agreement between a depositor and his bank to assign an account need not be in writing to be legally effective. Furthermore, said the court, it was "of no relevant significance" that Mrs. Reber never signed a signature card, nor complied with the bank's rules governing the establishment and maintenance of accounts, as printed in the passbook. A signature card is not necessary to prove ownership of an account and becomes material only when a withdrawal is sought to be made *upon signature*, said the court, while rules printed in a passbook "are only for the convenience and protection of the bank and may be waived."

Neither did it matter that Blose died before the assignment had been reflected in the bank's books. When the bank, through its assistant cashier, chose to waive the more formal requirements of its rules, the assignment became complete, the court held. The bank "acted circumspectly" in not changing its books after Blose's death, but the fact that it did not change them did not impeach or impair the validity of the oral assignment, it was held.

The decision is further interesting in the light of a holding of the Federal District Court for New Jersey earlier this year (In re Harrison, 109 F.2d 614.), that an assistant cashier is not an executive officer with power to bind his bank, but is an administrative officer who performs "mere ministerial or administrative functions" and cannot bind his bank unless specially authorized by it to do so. In re Blose's Estate, 97 A.2d 358.

"The bank will lend you $500 if I endorse your note? Listen, old pal, you have that bank endorse your note and I'll let you have $600"

INCOMPETENT'S CHECKS

One who takes an incompetent's check, knowing his mental condition, may not enforce collection.

A DECISION of Louisiana's Supreme Court points out that the path of the bistro owner who befriends the wayfaring social lion may be painful, particularly when the lion happens to be notoriously insane.

Before the court was the suit of a Vieux Carre night club operator, one Badon, to recover from defendant guardians $8,164.40, plus interest, representing 11 checks drawn by their incompetent prior to the judicial declaration of his incompetency.

(CONTINUED ON NEXT PAGE)

ST. LOUIS TERMINAL WAREHOUSE COMPANY

FIELD WAREHOUSING

MANY COMMODITY LOAN PROBLEMS HAVE BEEN SOLVED BY USING ST. LOUIS TERMINAL FIELD WAREHOUSE RECEIPTS

More than a quarter of a century of warehousing experience has taught us many valuable lessons Almost every day. we draw on this backlog of "know how" to help men like yourself use field warehousing to collateralize commodity loans.

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- Creating new loans secured by warehouse receipts
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INVENTORIES COLLATERALIZED FOR COMMERCIAL LOANS

FIELD WAREHOUSING

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Healey Bldg.
CHICAGO 3, ILL.
First Nat'l Bank Bldg.
CINCINNATI 2, OHIO
Carew Tower
DALLAS 1, TEXAS
Construction Bldg.
HOUSTON 2, TEXAS
West Building
JACKSON, MISS.
Edwards Hotel Bldg.
KANSAS CITY 6, MO.
Waldheim Bldg.
LUBBOCK, TEXAS
Lubbock Nat'l Bank Bldg.
MEMPHIS 3, TENN.
Sterick Bldg.
NEW YORK, N. Y.
37 Wall Street
PHILADELPHIA, PA.
123 So. Broad St.
TAMPA, FLORIDA
707 Florida Avenue

The incompetent, one Nalty, was a reputable, conservative businessman and the possessor of a large fortune until, at the age of 63 and shortly after the death of his mother, he went off the reservation and began touring the New Orleans night club belt.

In the course of his excursions he became closely acquainted with one Gentile who owned a night club and permitted him to cash checks—varying in amount from $75 to $400, and totaling about $24,000—in payment for drinks and allowed him to pocket whatever change might be left over.

Through Gentile, Nalty was privileged to meet Badon who kindly permitted him to cash checks at his, Badon's, night club. The first of the 11 checks in question was cashed on July 6, 1949, even though it was unsigned and the handwriting upon it was not legible. There followed a short interlude during which Nalty was confined to mental institutions. Then on September 4, Nalty was back again for one last "stupendous escapade" which continued at Badon's club through September 6, and during which he entertained the club's patrons, providing food and drink for all. On the night of September 4 alone he was charged with almost 800 highballs and 100 quarts of champagne, and during the three-day period he parted with 10 checks, totaling some $7,700, and received in return about $1,000 in cash.

A week later, after considerable search, Nalty was found by his brothers, drugged and in a stupor, at a camp some distance out of town. Brought back to New Orleans, he was again placed in a sanitarium and, shortly thereafter, judicially declared incompetent.

Meanwhile, Badon delayed in presenting Nalty's checks for payment. When he finally did present them they were dishonored, and he then endeavored to recover on them from Nalty's guardians.

The Supreme Court of Louisiana upheld the action of a trial court in denying recovery on the grounds that Nalty was notoriously insane at the time the checks were drawn, and that Badon could not have been deceived as to the mental capacity of Nalty.

While it is the rule that a contract cannot be annulled on the ground that one of the parties was

insane if that person at the time of contracting had not been declared incompetent by a court, the rule does not apply if that person was notoriously insane or if the other party to the contract could not have been deceived as to his state of mind, the court held.

Applying the rule to the facts at hand, the court held that Badon not only knew Nalty to be insane, but did his best to further the condition, to his own advantage. Nalty, in the clutches of those who encouraged him to squander a fortune of more than $150,000 in about two years' time, said the court, "presented a predicament of helplessness as did the traditional 'Tom Cat of Tartarus' who had neither teeth nor toe nails." Nalty v. Nalty, 64 So.2d 216. cf. *Paton's Digest*, Deposits §11.

MOTOR VEHICLES

"Owner" Under Certificate of Title Law Is Not "Sole Owner" for Purposes of Insurance Coverage

VIRGINIA'S Certificate of Title Law provides that, before legal title to an automobile can be transferred, the owner must endorse an assignment and warranty of title upon the reverse side of his certificate and the purchaser must forward the certificate so endorsed to the state motor vehicle department; and Virginia's Supreme Court has held that legal title to a car cannot be passed until the requirements of this law have been complied with.

However, in the opinion of the Federal District Court for the Western District of Virginia, one who is the legal owner of an automobile within the meaning of this law, but has given custody of it to another, cannot recover on a public liability insurance policy issued to him as its "sole owner."

While expressing no doubt that the policy holder in question continued to be the legal owner of the car in question. After he delivered physical possession of it to his son and thereafter permitted the son to exercise complete and exclusive dominion and control over it, the court held that he ceased to be its "sole owner," since the son thenceforth became its "beneficial owner." Maryland Casualty Company v. Powers, 113 F.Supp. 126.

JOHN RENÉ VINCENS

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Check these important Modernphone advantages:

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- Does not broadcast your message
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- No complicated procedure to learn
  (*Just push a button for your party, and talk*)

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In just ten minutes, an RCA Modernphone distributor can place a Modernphone on your desk, and let you check Modernphone's speed.

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NAME________________ TITLE________________

COMPANY________________

ADDRESS________________

CITY________________ ZONE________ STATE________________

Other Organizations

The news in this department is edited by WILLIAM P. BOGIE *of* BANKING'S *staff.*

Supervisors

"PERHAPS it would be feasible to set up a schedule of regular meetings between the Federal supervisory agencies and officials of your association," H. Earl Cook, chairman, Federal Deposit Insurance Corporation, told the annual meeting of the NATIONAL ASSOCIATION OF SUPERVISORS OF STATE BANKS. "Such meetings could serve as a clearinghouse for actions and information of mutual concern, and at the same time provide a forum for thrashing out problems as they arise."

Mr. Cook was one of the principal speakers on the supervisors' 3-day program held in Philadelphia the latter part of September. Other speakers included Everett D. Reese, president (then vice-president) of the American Bankers Association, Ray M. Gidney, Comptroller of the Currency, George S. Sloan, director, Division of Examination, Federal Reserve System, E. C. Heft, chief, Corporation Tax Ruling Branch, U. S. Department of the Treasury, and D. R. Cochard, executive secretary, National Association of Bank Auditors and Comptrollers.

"No group is in a better position to discover and foster the adoption of useful innovations than bank examiners," Mr. Cook said. "As they move from bank to bank, they constantly come across new ideas or improved ways of doing things. They are well equipped by training and vocation to analyze a situation or technique with disinterested professional skill. Without becoming advocates or disclosing professional secrets, bank examiners serve as missionaries in spreading information about promising experiments as well as tested principles and practices. The educational aspects of bank examination are of great importance and deserve development and encouragement."

Officers of the A.B.A. State Bank Division met, during the Association's convention, with representatives of the National Association of Supervisors of State Banks. In the photo below appear, *left to right*, the division's Executive Committee Chairman Bolton, Vice-president Summerwill, and President Arthur, and the Supervisors' President Elmore and Second Vice-president Falkner (of Connecticut and Texas, respectively)

Banker-Teacher

THE *Kansas Teacher*, a magazine published by the Kansas Teachers Association, will carry an article entitled "The Teacher and His Dollar," prepared at the magazine's request by the Public Relations Commission of the KANSAS BANKERS ASSOCIATION. The commission's chairman is K. R. Johnson, vice-president, Kansas State Bank of Wichita.

The article suggests seven uses for the teacher's savings dollar: a primary cash reserve in the form of a checking account; a bank savings account; U. S. Savings Bonds; life insurance; corporate and municipal bonds; mutual funds; preferred and common stocks. Each use is discussed at some length.

The article suggests: "Think of your banker as a 'financial neighbor,' always ready to help improve the teacher's dollar."

Independent BA

FEDERAL legislation providing effective regulation of bank holding companies is a "must" if the private banking system is to be maintained, said R. M. Evans, member of the Board of Governors of the Federal Reserve System, at the Independent Bankers Association of America breakfast held in Washington, D. C., during the convention of the American Bankers Association.

"From time to time," Governor Evans asserted, "bank holding company legislation has been introduced in Congress, but some bankers, as well as others, have always intervened to prevent its adoption.

(CONTINUED ON PAGE 114)

Here's where

Customers "visit" your bank most often

Impress them with the prestige and protection of

"THE BEST KNOWN NAME IN PAPER"

Your customer's checkbook is often his closest contact with your bank for long periods of time. That's why it's smart public relations to supply him with checks that will constantly enhance your bank's prestige—checks on Hammermill Safety.

Aside from impressing your customer with the famous Hammermill surface mark, Hammermill Safety provides you with excellent protection against tampering. Its specially sensitized surface instantly shows up the slightest erasure or alteration. And it takes pen writing smoothly, without scratching or feathering.

Take advantage of the double benefit—*prestige plus protection*—offered by Hammermill Safety. Ask your printer or bank lithographer to show you samples.

Safety Paper Division
Hammermill Paper Company
ERIE, PENNSYLVANIA

(CONTINUED FROM PAGE 112)

"In the meantime, the situation is steadily growing worse. Centralization of power in the hands of a few people in the business world would be one of the steps that would, in this country, lead to socialism. If the independent bankers wish to save their business, they must get, through political action, laws that will give them real protection."

A regulatory bill introduced by Senator Homer S. Capehart, chairman of the Senate Banking and Currency Committee, has the support of independent bankers.

Presiding at the breakfast was Harry J. Harding of California, president of the Independent Bankers Association of the Twelfth Federal Reserve District, which sponsored the gathering. D. Emmert Brumbaugh, former Pennsylvania Congressman and president of the Independent Bankers Association of America, gave a summary of the current status of bank holding company legislation and urged support of the Capehart bill.

MBA Anniversary

THE annual convention of the MORTGAGE BANKERS ASSOCIATION of America at Miami Beach November 9 to 13 will observe the 40th anniversary of the organization's founding. The association was organized in early 1914 in New York, and held its first convention in October of that year in Chicago—but as the Farm Mortgage Bankers Association. Membership was confined to farm mortgage lenders and investors. Shortly after that the Federal Government began its entry into farm lending and expanded its participation almost every year. As Washington became a more and more dominant factor in farm lending, the organization was gradually changed to the Mortgage Bankers Association of America, with the emphasis on lending on city mortgages.

Of the principal original founders, only one remains today, O. M. Corwin of Minneapolis, an original vice-president and president of the association later.

The convention this year is the first in Florida and also the first one conducted by a Florida man as president, Brown L. Whatley, president, Stockton, Whatley, Davin & Company of Jacksonville. Running concurrently with the five-day meeting, at which more than 2,500 are expected, will be the 14th annual Exhibit of Building, Industry and Services, an annual home show for institutions which finance homes.

Internal Controls

INTERNAL *Safeguards for Country Banks* is the latest publication of The NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS, which has mailed a copy to every bank in the country.

Lester A. Pratt, author of numerous books and articles on bank embezzlements, has stated that the new manual's author, Harry E. Mertz, secretary to technical commissions of the NABAC, was highly successful in boiling down the vast amount of material.

"I believe that is very important," Mr. Pratt said, "because a book twice its size might not be read or utilized. Another outstanding feature of the manual is the complete coverage of controls for accounts that are most vulnerable."

L. L. Matthews, newly elected president of the Financial Public Relations Association and president of the American Trust Company, South Bend, Indiana. An account of the FPRA's recent Detroit convention will appear in December BANKING

At the Independent Bankers breakfast, *below*, principal guests included Federal Reserve Board Governor Evans, Representative Spence, Senator Bennett, FDIC Chairman Cook, Small Business Administrator Mitchell, Deputy Director of the Budget Hughes, Connecticut Bank Commissioner Elmore, former A.B.A. Presidents Houston, Shelton, Peterson, Cocke, Adams, Rathje, and Bailey, outgoing and incoming A.B.A. Presidents Brenton and Reese and incoming Vice-president Livingston, A.B.A. Federal Legislation Committeemen Boyles and Brumbaugh, the latter also president of the Independent Bankers Association of America, and former Pennsylvania Bankers Association Secretary Zimmerman

Press Viewpoint

A BROCHURE based on a panel discussion of commercial banks' press relations, which was held at its recent annual convention, has been published by the NEW YORK STATE BANKERS ASSOCIATION. The booklet is entitled *Press Relations as Viewed by the Press*.

Offering their views as to what is news to the public from a bank were H. Eugene Dickhuth, special banking-financial writer, *New York Herald Tribune;* Paul F. Dorris, publisher, Tri-County Weekly Publications, Arcade, N. Y., and George A. Mooney, banking editor, *The New York Times*. The moderator was

Neil D. Callanan, vice-president, Manufacturers and Traders Trust Company, Buffalo.

The handbook points out the fact "that bankers have long been the target of exaggerated criticism and characterization, humorous or otherwise. The unfortunate result is that some of it sticks!"

After emphasizing this fact, the booklet describes how to break through these common misunderstandings, particularly in a lending program. It recognizes the responsibility of the loan officer, indicating that "Caution *is* necessary. The aim of this booklet is not to lower the lending standards of your bank but to raise its public relations standards."

Through descriptive cartoons and penetrating copy, which discusses lending problems from the viewpoints of both banker and customer, the handbook lists the right and wrong ways of greeting a customer, how to encourage the borrower to volunteer necessary information before a loan can be granted, how to say yes and how to say no to loan applications.

Branch Study

THE formation of a special 13-man committee to study branch banking in Pennsylvania was announced by the PENNSYLVANIA BANKERS ASSOCIATION Council of Administration during its fall meeting.

PBA President J. C. Warner, Jr., president, The First National Bank of Milford, reported that the new Branch Banking Study Committee will consider all aspects of the branch banking situation in every area of the state, and will report its findings to the PBA Council at its spring meeting, March 28-29, 1954.

Arizona KYBW

BANKS throughout Arizona observed "Know Your Bank Week" from October 12 to 17, marking the first observance of the fiftieth anniversary year of the ARIZONA BANKERS ASSOCIATION, which had its formal organization in 1903.

Carl A. Bimson, president of the ARIZONA BANKERS ASSOCIATION and of the Valley National Bank, Phoenix, pointed out that "Member banks of the ARIZONA BANKERS ASSOCIATION are taking this week as an opportunity to know the folk of their community better and are cordially extending an invitaton to them to come in and get better acquainted with the many services offered."

Some of the member banks held informal open houses, while others chose to conduct tours through their offices.

Md. Seminar

THE MARYLAND BANKERS ASSOCIATION will conduct a two-day seminar in bank management and operations on Wednesday and Thursday, December 2-3 in Baltimore.

Program details will be under the supervision of Joseph M. Naughton, president of the Second National Bank, Cumberland, chairman of the association's bank management committee, and a faculty member of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University; and William B. Alexander, vice-president of the Fidelity Trust Company, Baltimore, chairman of the MBA bank operations group.

(An account of the Association of Bank Women meeting appears on page 116.)

THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

★

STATEMENT OF CONDITION AT CLOSE OF BUSINESS

SEPTEMBER 30, 1953

★

RESOURCES

CASH AND DUE FROM BANKS	$ 61,747,301.88
UNITED STATES GOVERNMENT SECURITIES	52,633,074.63
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS	6,505,502.78
OTHER BONDS, NOTES AND DEBENTURES	1,061,245.27
STOCK FEDERAL RESERVE BANK	420,000.00
LOANS AND DISCOUNTS	99,865,416.39
INCOME EARNED—UNCOLLECTED	503,389.10
BANKING HOUSE AND GARAGE PROPERTY	3,949,500.00
FURNITURE AND FIXTURES	1.00
OTHER REAL ESTATE	43,283.20
CUSTOMERS' LIABILITY—LETTERS OF CREDIT	206,463.28
OTHER RESOURCES	123,840.72
TOTAL	$227,059,018.25

★

LIABILITIES

CAPITAL ACCOUNTS:		
COMMON STOCK	$ 7,000,000.00	
SURPLUS	7,000,000.00	
UNDIVIDED PROFITS	1,019,193.34	$ 15,019,193.34
RESERVE FOR CONTINGENCIES		1,773,312.04
RESERVE—AMORTIZATION OF BOND PREMIUMS		992,798.69
RESERVE—TAXES, INTEREST, EXPENSE, ETC.		1,213,341.98
LETTERS OF CREDIT ISSUED		206,463.28
INCOME COLLECTED—UNEARNED		1,097,436.95
DEPOSITS:		
INDIVIDUAL	$155,460,171.81	
BANK	37,317,327.56	
U. S. GOVERNMENT	6,872,189.59	
OTHER PUBLIC FUNDS	7,106,783.01	206,756,471.97
TOTAL		$227,059,018.25

U. S. Government and other securities carried at $30,910,900.02 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Women Bankers Meet in Washington

MARY B. LEACH

FEW of the people attending conventions such as those recently held in Washington by the American Bankers Association and the Association of Bank Women are aware that conventions are uniquely American institutions. This reporter found from checking with the information services of several European countries that in the Old World conventions are limited in scope and in attendance — they're more like our annual corporate stockholders meetings of a few years ago. Even the idea of a convention for women was repugnant to one French woman with whom she spoke.

"We have medical conventions and occasionally send delegates to an international convention," she said. "We don't have women's clubs; we have not been reared in France to be among women . . . we do not have hen parties such as you have in America."

Had the French lady had her ear to the keyhole during the 31st annual convention of the Association of Bank Women, she *might* have discerned that this was no "hen party." At table, in corridor, in sightseeing bus, and at convention sessions the women bank executives —375 of them from every section of the country and far away Hawaii —earnestly discussed with fellow-bankers their personnel problems, operating methods and procedures, loan techniques, public relations and education programs, and customer services of one kind and another.

Mrs. Sherrill, *third from right*, receives gavel from Assistant Treasurer Cleary. *At left*, Vice-president Cora I. Blanchard, Boston, and Treasurer Margaret S. McClure, Washington. *At right*, Recording Secretary Mildred E. Flaniken and Corresponding Secretary Louise A. Weiner, both of Memphis

Without exception, speakers were authorities in their fields and their carefully prepared papers were presented with enthusiasm and aplomb.

Top Planners

While accolades are due all who had a part in planning and conducting the ABW convention—the largest one yet—we can mention only a few. The top planners included Ruth E. Sherrill, ABW president and assistant vice-president, First National Bank of Memphis, Tennessee; Catherine B. Cleary, ABW president until May 22, 1953, when she resigned to accept appointment as the Assistant Treasurer of the United States; S. Winifred Burwell, assistant trust officer, National Metropolitan Bank, Washington, chairman of the General Convention Committee; Mary L. Chadwick, assistant trust officer, The Washington Loan and Trust Co., Washington, chairman, Arrangements Committee; Mildred E. Foy, assistant trust officer, The Riggs National Bank, Washington, chairman, Entertainment Committee; Elizabeth M. Brotherhood, assistant vice-president and secretary, McLachlan Banking Corporation, Washington, chairman, Hospitality Committee; Charlotte A. Engel, trust officer, National Savings and Trust Co., Washington, chairman, Program Committee; and Martha Ashford, assistant cashier, The Liberty National Bank, Washington, chairman, Registration Committee.

Miss Newcombe receives the Jean Arnot Reid Award from President Sherrill

The Association of Bank Women's convention at the Shoreham Hotel in Washington lasted from Thursday morning until Sunday noon. BANKING cannot begin to record all of the interesting events and the texts of speakers' addresses. So we'll skip around and mention a few of the happenings and present brief excerpts from some of the speeches.

The ABW was presented with a Savings Bonds Award—an illuminated plaque containing the President's inaugural prayer. President Sherrill accepted the award from Nancy C. Robinson, director of Women's Activities, U. S. Savings Bonds Division of the Treasury.

Reid Award Winner

The Jean Arnot Reid Award was presented to June Marion Newcombe, assistant manager, Perry Street Branch, Community National Bank of Pontiac, Michigan, by President Sherrill on behalf of the association.

The award, honoring a founder and former ABW president, is given annually to one of the 10 top women graduates of the American Institute of Banking. Miss Newcombe entered banking in 1943 while attending high school and upon graduation in 1945 became a full-time employee of her bank's mortgage loan department.

Tribute was paid to Genieve N. Gildersleeve, assistant secretary of the Trust Division, American Bankers Association, by Mabel F.

(CONTINUED ON PAGE 118)

"We take more out of Philadelphia National than we put in"

When it comes to service,
you're never overdrawn at Philadelphia National.

THE PHILADELPHIA NATIONAL BANK

PHILADELPHIA 1, PA.

Member Federal Deposit Insurance Corporation

1803
150 YEARS OF
BANKING SERVICE
1953

Women Bankers Meet

(CONTINUED FROM PAGE 116)

Thompson, assistant secretary, Union Dime Savings Bank, New York, and chairman of the ABW's Committee for the American Association of University Women Study Guide. She was honored for her assistance in preparing three sections supplied by the A.B.A. Public Relations Council and the ABW for use of the University Women in individual study of money management.

Dollars and Cents Conference

Marion E. Mattson, assistant cashier of the Northwestern National Bank of Minneapolis and former ABW president, gave a detailed report on her bank's "Conference for Homemakers — Dollars and Cents," held earlier this year. This conference was organized with the cooperation of 16 Minneapolis women's clubs in a pioneer venture in economic education leveled at women as homemakers. One hundred women from the club groups served on the planning committees.

The conference ran for five consecutive Tuesdays, with two sessions a day—from 10 to 11:30 A.M. and from 1 to 2:30 P.M. The program was a continuing series of discussions by two panels of eight members chosen from the community and representing various segments of the economy.

There were nearly 800 advance registrations for this Minneapolis conference, which was held at the YWCA. Nursery facilities were provided for the children of the registrants. A former nursery school director, a registered nurse, and two assistants were on duty between 9:30 and 3 P.M. Mothers were asked to pack lunches for their children and the bank provided milk and cookies.

At the 10 sessions the average attendance was 332. The cost of the project was around $4,500, or something over $7 per person for those attending one or more sessions. The Northwestern National is now considering whether to repeat the conference.

"Economic education should be specifically designed for specific audiences," Elizabeth Harrison Walker, public relations consultant, told the bank women conventioners. "We need to pinpoint our targets," she said. "Programs slanted to everybody are apt not to reach anybody where he or she lives.

"The best way to get anyone's interest is to bring him or her into the party in the planning stage."

Primary Object—Service

"Estate Planning Sells and Retains Trust Business" was the theme of an address by Nancye B. Staub, assistant vice-president, Morristown (New Jersey) Trust Company, and former ABW president.

"There are too many trust people who claim to be doing estate planning but whose primary interest is to get their banks named in wills as executor and trustee," she said. "The estate planners primary objective should be to render a much-needed service to the customer in helping plan his estate and provide experienced management for it. If the trust officer does a good planning job by the time he is finished the chances are that the trust business will be forthcoming automatically, usually without his even bringing up the subject." [Additional quotes from Mrs. Staub's address are on page 106.]

Miss Thompson, *right*, says "thank you" to Miss Gildersleeve

Miss Cleary on Personnel 'Turnover'

Assistant Treasurer of the United States Cleary, whose subject was "You and Your Bank," said:

"I want to say just one serious word about this question of turnover because I think that the idea that women do not stick with their jobs is probably the singlemost important factor in retarding their advancement. It seems to me very unrealistic, in talking about turnover, to lump all women into one group. It is, of course, to be expected that the great majority of young women who take jobs in banks when they get out of school will in time marry and stop work.

"On the other hand, there will be in every institution a smaller group of women who, for one reason or another, make a career of banking. If the women who have been in the bank for say 10 years, or who have reached the age of 30 or 35, are taken as a group, I would guess that the turnover among women is no greater than the turnover among men. With all the psychological tools and advice now available, there certainly should be some way for management to determine to its own satisfaction which women are worth training for more responsible work."

Speaking about the sound money policy of the Administration, Miss Cleary said that bankers are again under attack and that a deliberate effort is being made to exploit old

(CONTINUED ON PAGE 120)

The ABW delegates were conscientious about attending meetings and gave rapt attention to speakers

PHOTOS BY CHASE

To Bankers

LAWRENCE ON FIELD WAREHOUSE RECEIPTS

is like

CERTIFIED ON CHECKS

A Guarantee of INTEGRITY, SECURITY and FACILITY

INTEGRITY. The integrity of the Lawrence Warehouse Company, expressed for forty years in conscientious service, has won the confidence of bank loan officers throughout the United States, Canada and Mexico.

SECURITY. Sound, experienced Lawrence operation is backed up by legal liability and fidelity bonds totaling $1,000,000 at *each* of our more than 2500 field warehouse locations. This unique bond coverage provides the most comprehensive security available to banks and other receipt holders today.

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UNITED STATES BRONZE SIGN CO., Inc.

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Women Bankers Meet

(CONTINUED FROM PAGE 118)

prejudices about bankers and Wall Street. "An attempt is being made," she said, "to fool people into thinking that no one benefits from higher interest rates but some bankers. It is vital to your bank and to millions of thrifty Americans that the truth about honest money be understood."

"One large bank has estimated that it costs from $500 to $1,000 to train one new employee," said Elizabeth M. Quinham, assistant secretary, Rhode Island Hospital Trust Company, Providence, in an address on "Personnel." "If her career is a brief one, the bank never realizes anything on its investment," she said. "If she is not properly trained, the bank suffers untold loss."

School-Finance Cooperation

Speaking on "Cooperation Between Financial Institutions and Schools," Henryetta Carpenter, instructor in family life and business education at the Annapolis, Maryland, High School, told about the "Family Financial Security Education" workshops sponsored by the Institute of Life Insurance in cooperation with the universities of Pennsylvania, Connecticut, Wisconsin, Virginia, Colorado, and Oregon, and the Southern Methodist University and Miami University in Ohio.

Lecturers at the Virginia conference also included several outstanding bankers. Mrs. Carpenter is eager to see more banker participation in these financial educational courses for the family.

Mildred N. Whitby, assistant vice-president, The National Bank of Olyphant, Pennsylvania, and a former Jean Arnot Reid Award winner, spoke on "Taking the Small Town Methods Out of Small Town Banking." "It is very difficult," she said, "for employees in a small bank to take time from their work to train the newcomer. This is where A.I.B. courses are of such great value in teaching the new employee and helping to prepare him for the job ahead."

Entertainment included a special tour of the White House; afternoon tour to Arlington and Mt. Vernon; reception by the American Express Company; and reception by the District of Columbia Bankers Association. Thursday and Saturday dinner speakers were Joseph C. Harsch, commentator and foreign affairs correspondent of *The Christian Science Monitor;* and Dr. Kenneth McFarland, educational consultant and lecturer, General Motors, and educational director, American Trucking Associations, Inc.

Mrs. Sherrill, who served out Miss Cleary's unexpired term as ABW president, was reelected and was installed by her predecessor at the concluding session. Other officers elected to serve with her were announced in October BANKING, page 80. [See officers' picture on page 116 of this issue.]

Banking Grandmothers

The high point in the convention was reached for Madam President when Mr. Sherrill telephoned from Memphis to say that she had become a grandmother for the second and third time. Her daughter had given birth to twin daughters. But she wasn't the only proud grandmother attending the convention. Another was Eva W. Merritt, assistant cashier, First National Bank of Handley, Fort Worth, who has 37 years of banking experience. She was accompanied by her granddaughter.

One of the many mothers taking an active part was Nell C. Saylor, assistant trust officer and manager of the personal loan department, Burke & Herbert Bank & Trust Co., Alexandria, who has been in banking 12½ years. Mrs. Saylor has two sons, 16 and 17, and besides managing a city home has a 110-acre Virginia farm.

Another homemaker at the convention was Lillian Dolde, assistant vice-president, Albuquerque (N.M.) National Bank. Mrs. Dolde has been in banking for 20 years. Since 1938, when her bank's president was blinded in an oil well explosion, she has been his girl Friday—always at his side wherever his work takes him.

These, and all of the other women with whom this reporter talked, have one thing in common—enthusiasm about their jobs. They love banking for the contacts they make and the opportunities it offers for service to their fellowmen. Why do they attend ABW conventions? To broaden their horizons—to get new ideas to take home to the job and to widen their acquaintances with their sister bankers.

The First National Bank of Chicago

Statement of Condition September 30, 1953

ASSETS

Cash and Due from Banks		$ 621,031,971.61
United States Government Obligations		754,160,523.83
Other Bonds and Securities		142,213,261.25
Loans and Discounts		1,189,544,002.87
Real Estate (Bank Buildings and Adjacent Property)		1,928,349.77
Federal Reserve Bank Stock		5,550,000.00
Customers' Liability Account of Acceptances		2,677,874.28
Interest Earned, not Collected		7,646,410.31
Other Assets		993,579.89
		$2,725,745,973.81

LIABILITIES

Capital Stock		90,000,000.00
Surplus		95,000,000.00
Other Undivided Profits		7,129,794.96
Discount Collected, but not Earned		2,649,009.76
Dividends Declared, but Unpaid		1,800,000.00
Reserve for Taxes, etc.		30,316,588.99
Bills Payable		35,500,000.00
Liability Account of Acceptances		2,753,103.79
Time Deposits	$ 505,798,356.51	
Demand Deposits	1,759,496,912.19	
Deposits of Public Funds	195,215,178.29	2,460,510,446.99
Liabilities other than those above stated		87,029.32
		$2,725,745,973.81

United States Government obligations carried at $261,492,717.25 are pledged to secure United States Government and other public deposits, trust deposits, and for other purposes as required or permitted by law.

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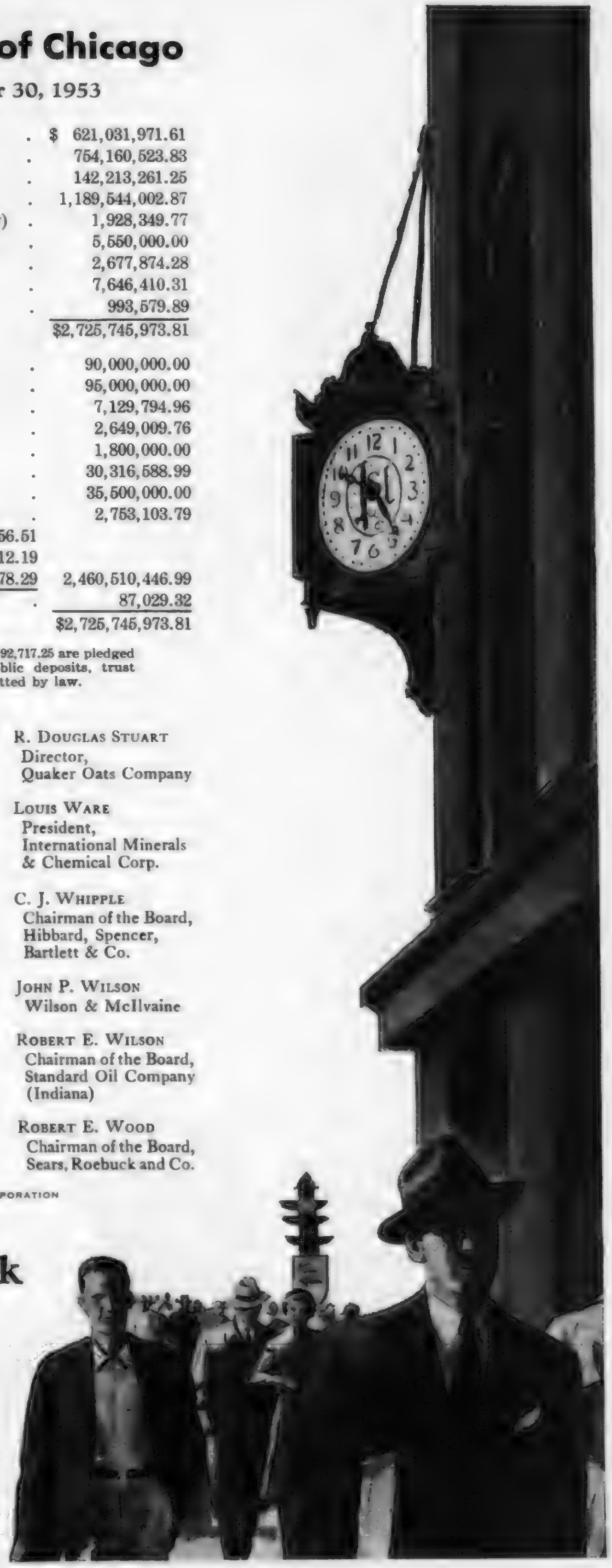
The First National Bank of Chicago



At your service—at the nation's trade center

Methods and Ideas

(CONTINUED FROM PAGE 49)

Now a Riggs officer can say to a bookkeeper, two blocks away, "John Smith's last deposit, please," and swiftly the picture appears on the screen of the receiving equipment that sits a couple of feet from his chair.

The system is an adaptation of an industrial TV circuit. Its heart is a new camera tube, an inch in diameter and six inches long. The receiver, with a 10-inch screen, is installed with a microphone and control equipment in a specially designed desk that provides privacy for bank officials and customers. The Riggs receiver is the first to be installed in a banker's desk.

At the opening ceremonies, the first record transmitted from a camera in the bookkeeping department to a receiver in the main office was a check written by Abraham Lincoln in 1861. Other items from the Riggs extensive collection of historic documents were also shown, including checks of Francis Scott Key, General Winfield Scott, Daniel Webster, and Henry Clay.

Robert V. Fleming, chairman and president of the bank, said that television had enabled the Riggs to decentralize some of its operating procedures.

A Lincoln check appears on the TV screen at the Riggs National Bank. Watching are John C. McCormack, vice-president and cashier, *left*; Harry C. Crow, representing the company that installed the equipment, *center*; and Francis H. Engel, of RCA Victor Division of RCA

CARTOONS TELL INTEREST STORY

SPEAKING of cartoons, the FEDERAL RESERVE BANK OF RICHMOND used this technique in its monthly employee publication, *The Observer*, to tell a story about interest.

The picture narrative, titled "Interest Rates—Your Interest," opened with a sequence showing three men discussing a recent news story on the subject. One exclaims, "Wouldn't it be nice to be on the receiving end of some of that interest!" and another replies, "Are the cokes on you if I show you how you earn interest every day?"

The remainder of the two-page spread develops the idea that "almost everybody receives interest in one way or another."

Part of the Richmond Federal Reserve Bank's cartoon on interest

BANK AIDS NEWCOMERS

AN advertising and public relations campaign to assist new residents of California in getting settled is bringing both public service and promotional dividends to THE FIRST NATIONAL BANK OF SAN DIEGO.

The campaign is highlighted by a publication, "First National's Digest for Newcomers," that outlines the customs, regulations and laws of California and San Diego County for the benefit of arrivals from other sections of the nation. The 20-page booklet covers such topics as automobile ownership, real estate, state and local taxes, travel to nearby Mexico, and a variety of other matters. In each case, the subjects are covered to point up local laws and regulations.

The booklet is being promoted by newspapers, television, billboard, and bus card advertising, and special direct mail campaigns to community opinion leaders.

George W. Sears, First National vice-president in charge of advertising and public relations, says that persons have been requesting the booklet at the 11 offices in San Diego County. As a result, the bank is gaining both new acounts and praise for a valuable public service.

A THREE-D BANK AD

THE FORT WORTH NATIONAL BANK published a three-dimensional advertisement in a recent issue of the *Texas Bankers Record*.

The photograph showed a young woman holding a large card on which the bank's name and address appeared. Copy said that she and the 454 members of the staff invited the viewer to "make their bank *your* bank in Fort Worth.

"Speed, accuracy, and a friendly desire to serve your bank are the important 3-dimensions of The Fort Worth National's Correspondent Bank Service" was the message in

(CONTINUED ON PAGE 124)

Remington Rand Methods News

New manual shows way to better bank personnel records

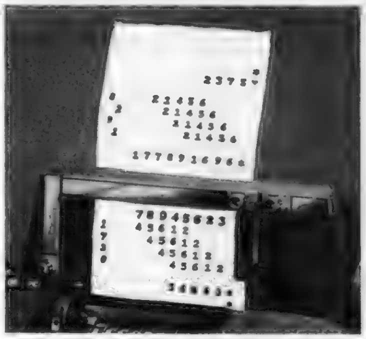
Efficient records that improve personnel relations are shown in a 28-page manual now available to bank officials. This informative booklet graphically illustrates new and effective methods for checking references of applicants ...aids to evaluating an interview... control of all the necessary steps involved in employment or termination. You will see how other banks save time and avoid confusion in handling changes in salary or position, transfers and other situations affecting bank personnel.

It will show you how thousands of banks are successfully using visible signaling methods for centralized employee records. Minimum effort is required to maintain a positive check-up on all employees' activity. Standard visible forms are available at reasonable cost in any quantity—making this system economic for small as well as large banks.

Whether your personnel department consists of the part-time function of one bank official—or six full-time employees, this manual will make profitable reading. It is available on loan from our Management Controls Reference Library. Circle **MC773** on the coupon below.

Pre-scheduled loans now rapidly figured with printed proof

You can get the amount of balance reduction for each monthly payment in one fast, continuous operation when pre-scheduling loans. Constant multiplication eliminates the time wasted in re-entering figures into the keyboard. And there is no need to refigure to check for accuracy. With the Remington Rand *Printing* Calculator, you get *printed proof on the tape* that all factors have been entered correctly the first time. You use it as an adding



machine to secure interest charge and monthly balance.

This is just one of the many bank figuring problems that can be solved. You get more speed on straight listings as well as complicated figuring jobs. Many banks are saving time computing interest on real estate loans, interest earned on estimated reserves, and in account analysis and other work. The touch-method speed obtained on this simple 10-key machine gives them top hourly production.

To see how *you* can save time and get printed proof of accuracy in pre-scheduling loans and other bank figuring jobs, circle **SPAC4600.33** and **AC540** on the coupon on the right.

Better loan ledgers now produced by LOW-COST method

Now even the smallest bank can have all the basic money-saving advantages of machine bookkeeping for their loans and other work. Larger banks can afford the convenience of a bookkeeping machine exclusively for the loan department. Amortized over a 10-year period, the cost of the new Remington Rand LOW-COST bookkeeping machine is negligible when compared with the daily clerical savings that result.

All classes of loans may be combined on one neat, machine-produced ledger card. The loan officer has a complete up-to-date history of the borrower's activity at a glance. All new balances are automatically computed... all amounts for the day's ledger postings are automatically totaled and there is complete daily proof.

You get a complete ledger, journal, notice of note due and carbons—all in *one* writing with this new low-cost machine method. Simultaneous entry eliminates time-consuming transcription from one record to another—eliminates transcription errors too!

It's fast and simple to operate. The standard alphabet typewriter keyboard permits any competent typist to produce fully descriptive records with touch-method speed. For all the facts circle **AB664** on coupon below.

Letters you'll be proud to sign

Executive quality appearance achieved with Remington Rand Nylex typewriter ribbons will give your correspondence an air of efficiency and dignity in keeping with the best of banking tradition.

Thinner, more flexible Nylex conforms readily and exactly to typeface outlines to give you sharp, clear, perfect letters. And you get lower typing station costs because Nylex ribbons are one-third longer and have an automatic ink replenishment feature.

Nylex ribbons are a natural for your typists. There are fewer annoying ribbon changes—and the crisp, uniform quality of the work turned out gives a new feeling of job satisfaction. For details on this key to prestige-building letters and reports, circle **RSR141**.

Remington Rand INC.

Management Controls Reference Library
Room 1390, 315 Fourth Ave., New York 10

"Yes, I'd like to have the literature circled."

MC773 RSR141 SPAC4600.33
AC540 AB664

Name__________

Title__________

Bank__________

Address__________

City__________

B-6

Profit-Building **IDEAS** For Business.

(CONTINUED FROM PAGE 122) display type. Below were instructions for use of the 3-D glasses.

AN EFFECTIVE MESSAGE

THE ROOSEVELT SAVINGS BANK of Brooklyn, New York, made good use of a good opportunity.

On the day the Theodore Roosevelt-Sagamore Hill commemorative three-cent stamp was issued the bank sent first day cover letters to approximately 600 customers and friends. The message was entirely noncommercial. It said:

"Greetings:

"We'd like to share our pleasure with you today. The establishment of Sagamore Hill as a national shrine will emphasize again the qualities that made Theodore Roosevelt great. His courage, his force in the cause of honesty, decency and fair play, and his love for his country are well remembered by those who knew him.

"Now a new generation will have the opportunity to visit this shrine and be inspired by the spirit of this great American."

Each officer of the bank prepared a list of persons to whom he wished the letter sent. Each copy was individually typed.

Sagamore Hill, home of Theodore Roosevelt at Oyster Bay, was dedicated as a national shrine by President Eisenhower on June 14, 1953.

"WELCOME, NEIGHBOR!"

LET'S take a look at a new business approach used by THE LONG ISLAND NATIONAL BANK of Hicksville, New York.

An officer of this bank calls on each newcomer to Hicksville and gives him or her a copy of a booklet, "Where Thrift Begins." The keynote to the simply phrased brochure is sounded in the "Welcome, Neighbor" salutation of the foreword by President William E. Koutensky, who goes on to say:

"Perhaps you're new in these parts, or possibly you're an old time resident. In any event it's nice to make your acquaintance and we're mighty glad to have you as a friend and customer.

"To make your financial life easier during these fast-moving times our bank provides a variety of services. If you have any problem, if there is any question in your mind regarding our work, don't hesitate to stop in. And be sure to ask for me personally."

This is followed by a brief history of the bank and short reviews of its services. On the last page is a sketch map spotting the location

Union Square Savings Bank, New York, has installed a revolving clock-thermometer between two columns near the entrance. The unit turns 2.7 times a minute, providing on one side the time, on the other the temperature

It really started in '47!

When Leduc's No. 1 well "blew in", Canada's ailing oil industry boomed in spectacular fashion. Since then, oil reserves have increased 25 times, production potential 15 times. In 1952, approximate production was 58,000,000 barrels.

Edmonton, "Canada's Oil Centre", has been served by Imperial Bank since as early as 1891. There are now seven branches in this city as well as many others providing complete banking services throughout the oil areas and accumulating up-to-date information on current conditions, trends and opportunities.

LET IMPERIAL BANK KEEP YOU UP-TO-DATE ON CANADA!

We invite interested U.S. banks to investigate our services as a correspondent bank. Write: Imperial Bank of Canada, Head Office, Toronto

IMPERIAL

"the bank that service built"

IMPERIAL BANK OF CANADA

54-3

of the Long Island National and the highway approaches to it from neighboring communities.

Names of new home owners are obtained from builders in the bank's area.

NEW WINDOW DISPLAYS FEATURE BANK SERVICES

THE HANOVER BANK of New York City has developed a new series of special window displays to call attention to its services.

The first two were used in the Rockefeller Center office, but the plan may be extended to other offices.

The bank's philanthropic and foreign services were featured. New pennies and a simulated gold bar were shown in balance on a scale in the first-mentioned exhibit. Copy, superimposed on a large photograph of a college building, read: "Whatever your firm's revenue, be it pennies or bullion, the balancing of your philanthropies through Hanover will lead to the optimum in public relations."

The foreign service copy was dramatized with large chessmen, flanked by a statue of Lord Nelson. "Your financial moves abroad, like chess, require assiduous planning," said the copy. "Make use of Hanover's branch in London. The text appeared on a photograph of the London office.

Permanent props include a metal and glass easel to set off the advertising copy and a marble-top table to support three dimension art dramatizing the message.

IN BRIEF

THE FIRST NATIONAL BANK OF MIAMI has prepared a manual to assist in the orientation of new employees and to set forth personnel policies and practices. It also discusses the staff member's public relations and new business responsibilities.

FARMERS BANK OF THE STATE OF DELAWARE, whose advertising features the state's products (broilers, for instance), recently distributed a color cutout showing a first prize Delaware potato. Copy said: "More . . . *more* . . . MORE is the call for Delaware potatoes. Try them once. You'll call for them always." The bank's name and addresses appeared in the lower right hand corner of the piece.

For *Your Family!*

When making your will, the uppermost thought in your mind is to provide for the security of your loved ones.

Consult your attorney and direct him to include in your will a requirement that your executor be BONDED by NATIONAL SURETY CORPORATION. By so doing, you will guarantee the protection of your family to the full extent of your estate.

The cost of the bond is low and the financial responsibility of NATIONAL SURETY CORPORATION together with its long years of experience in the bonding of estates GUARANTEES the faithful performance of the duties of your executor.

Consult the local agent or nearest office of NATIONAL SURETY CORPORATION for applicable rates and other details.

YOUR INVISIBLE ARMOR IS A NATIONAL SURETY BOND OR POLICY

NATIONAL SURETY

National Surety Corporation, 4 Albany St., New York

INVISIBLE ARMOR ®

Club Federation's Forum Contest

For the past two years the American Bankers Association has acted as one of three financial consultants to the General Federation of Women's Clubs in the finance forum program of the Federation's economic security division. The other two consultants are the Association of Stock Exchange Firms and the Institute of Life Insurance.

The objective of the program is to arrange a communitywide forum on family economics and money management in every town and city where there is a federated club. To stimulate local club interest, the General Federation is sponsoring a nationwide women's finance forum contest for its members, covering the period September 15, 1952, to March 1, 1954, with a suitable plaque to be awarded by the three consultants in recognition of the state federation that reports the greatest number of communitywide finance forums held. The award will be presented at a luncheon meeting and press conference in New York City next spring.

As the result of the General Federation's finance forum contest, many individual banks have been contacted by local women's clubs in respect to advice, speakers, and literature. The A.B.A. Public Relations Council is urging member banks to cooperate with these local clubs—in fact, it suggests that member banks take the initiative in volunteering their assistance.

PR Council Aids

Information and materials to implement cooperation between banks and local women's clubs in the planning and conducting of finance forums are available through the Public Relations Council.

The Council has furnished samples of material such as *The Woman and Her Bank* directly to individual clubs. When banker speakers are needed for national, state, or regional forum meetings, it has taken direct action to locate them. As a matter of A.B.A. policy, however, the General Federation has been informed that local women's clubs should contact local banks in respect to (a) speakers for local finance forums and (b) A.B.A.-printed material *in quantity*. The A.B.A. supplies quantities of printed material only to its own members. Any local distribution to women's clubs or other groups must be made through banks in the community.

Available Material

The Public Relations Council has developed information, ideas, and materials to help member banks plan, promote, and conduct finance forums for women. For example: (a) Various articles in BANKING; (b) references in Public Relations *Newsletters;* (c) discussion at Public Relations Workshop meetings; (d) *Finance Forums for Women,* No. 9 in the A.B.A. series of illustrated public relations booklets; and (e) a *Kit of Materials for Conducting Finance Forums for Women.*

The *Finance Forums for Women* booklet, which can be obtained for 85 cents per copy, contains pertinent information about finance forums, what they are, how to prepare for them, selection of subjects and speakers, obtaining an audience, experience of bank sponsors, cost, suggested promotion procedures, conducting the meetings, take-home literature, "following through," e.g., arrangement for a bank tour, and benefits to bank and community.

The Useful Kit

The *Kit,* of which a limited number of copies are still in supply, contains illustrative talks, samples of available A.B.A. literature, actual copies of items used by various banks in promoting and conducting their forums, suggestions for handling publicity, a selected bibliography of financial literature, and a supplement giving complete details about more than 30 bank-sponsored forums. It sells for $3.75.

Today the forum idea is recognized as a valuable banking service to the community. No longer confined to women, it has been broadened to reach other segments of the public, such as businessmen, stockholders, trust customers, and various other groups.

RUDOLPH FICHTEL
Secretary, Public Relations Council

PROGRAM

A Conference for Homemakers

An Economic Workshop on Dollars and Sense Today

YWCA-Benton Hall, Nicollet at 12th

APRIL 7 • APRIL 14 • APRIL 21 • APRIL 28 • MAY 5

10:00 A.M. - 11:30 A.M. 1:00 P.M. - 2:30 P.M.

Sponsored by:

Altrusa Service Club
American Association of University Women
Business & Professional Women's Club
Council of Jewish Women
Northside Business & Professional Women's Club
Pilot Service Club
Quota Club of Minneapolis
Rotary Service Club
Soroptimist Service Club
Uptown Business Women's Club
Venture Service Club
Wholesale Credit Women's Club
Women's Advertising Club
Zonta Service Club
Federated Women's Clubs 5th District State Organization
IN COOPERATION WITH NORTHWESTERN NATIONAL BANK

The "Conference for Homemakers" in Minneapolis last spring was a good example of the trend in the evolution of finance forums. Marion E. Mattson, assistant cashier of the Northwestern National Bank in Minneapolis, was one of the leaders in arranging this conference and her experience in this activity was the subject of an address to the Association of Bank Women at their recent convention in Washington. (See page 118.) The program cover is reproduced here, which, in the original, was 5½ x 8½ inches

An Easy Way for Farmers to Build Reserves

(CONTINUED FROM PAGE 71)

there are usually notes at the bank and bills for gasoline and oil and repairs to be paid. Perhaps a fertilizer bill, a machinery note or a seed account must come out of these checks. There is no good time to save money for a reserve. If the farmer gets a good-sized check and has extra funds above his pressing debts, there is always a new machine to buy or a new automobile to trade for. Unless he has some system for his saving, setting aside money for anything approaching a reserve is just not done.

The secret of selling the reserve idea is to suggest to the farmer that he start with the idea of replacing the tractor, not the whole line of machinery, although this would be desirable. If the new tractor costs $2,800 and will last for 10 years he should set aside $280 a year for this specific purpose. Most farmers will agree that this is a sensible thing to do. But how? A sure, easy way would be for the farmer to save a fixed percentage out of each check he receives from the sale of livestock or farm products.

5% Out of Income Checks

If he is a tenant farmer and his gross income is around $6,000 he should take 5 percent out of each income check when he cashes it and put it away in a savings account or in Savings Bonds specifically as a replacement fund for the new tractor. Savings Bonds are particularly good for this purpose as there is less temptation to dip into them for some spending idea and the interest accumulation is an added incentive to continue the fund. If your farmer customer will just start deducting 5 percent from his gross income he may wish to increase the rate to cover replacement for his entire machinery investment.

Selling a tractor replacement reserve plan to your customers will promote good public relations. Your implement dealer customer will be pleased with such a plan as it will make his customer-financing problems easier. It will provide conditional sale paper for you in which the customer has a substantial equity in the machine. It will hold your customer's over-all borrowing within reasonable limits. Your customer will be encouraged with his own progress. It is another way to develop regular savers and a good saver is a good payer and a conservative buyer.

Narrower Profits Forecast

The future promises a narrowing profit margin for the farmer. If it turns out that way, the farmer with a tractor or machinery reserve will be a better customer for the implement dealer. He will be a good customer for the banker to lend money to and a farmer on the way to more security for himself. If the margin of profit does not narrow down for the farmer he can, and probably will, build further savings for himself in your bank.

Instilling the idea of building a reserve in Savings Bonds for replacement of a tractor and machinery is a good way to make friends for the bank and good farmers in the community.

COLOMBIA MEANS BUSINESS

LET US HELP YOU INCREASE YOURS

OPPORTUNITIES in Colombia for U. S. business are increasing every year. Trade connections are becoming more profitable. With an eye on your business future there, why not let us assist you with your collections and letters of credit?

For instance in making collections, we have an outstanding record of combining efficiency with tact, courtesy with results—a proven faculty for settling unpaid accounts quickly and retaining good-will.

As for letters of credit, consider the convenience of our 29 offices located in every important commercial centre in Colombia. This exceptional coverage is a great advantage too in furnishing current and comprehensive trade information.

In fact whatever your requirements, we have special departments handling every phase and facility of banking. More and more progressive U. S. banks and business firms are making use of our extensive organization established for over 40 years.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — *Bancoquia*

Capital paid-up: $20,000,000 — Pesos Colombian.
Surplus: $15,000,000 — Pesos Colombian.
Other reserves: $6,858,000 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (3), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (1), Monteria, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (S).

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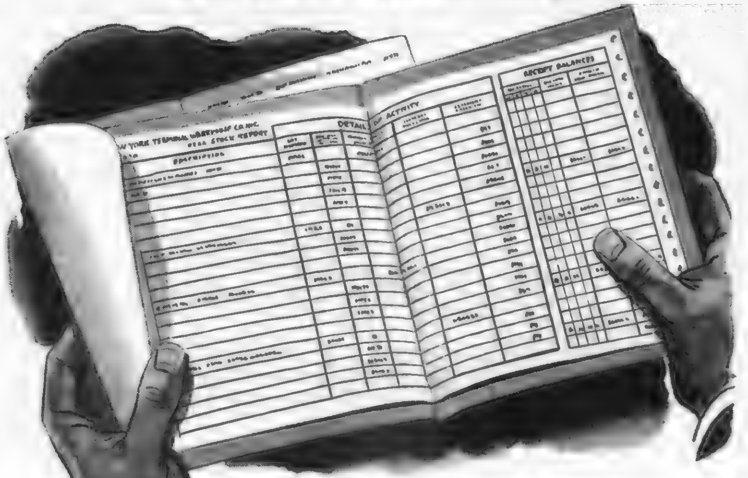
A modernized Field Warehouse record that makes friends and attracts customers



- Compact, convenient desk size.
- Delivered promptly every 30 days.
- Complete description of every transaction.
- Eliminates duplicate accounting by bank.

Our record becomes your record. Our Monthly Value and Stock Report is designed for quick accurate verification so there is no longer any need for banks to duplicate expensive, time-consuming posting and accounting. A glance at this day-to-day, readily-understandable report, provided only by New York Terminal, tells What has taken place—What the position is right now—What the prospects are.

A call will bring a qualified representative, without obligation, to give you additional information or assist you in reviewing any inventory situation. Use New York Terminal Warehouse Receipts—they enable you to extend maximum credit with minimum risk at lower cost to you and your customers.

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25 South William St., N. Y. 4, N. Y.

OPERATING OFFICES IN PRINCIPAL CITIES

Mr. Florence

Florence A.B.A. Vice-Presidential Candidate

FRED F. FLORENCE has been nominated for the vice-presidency of the American Bankers Association by the Dallas Clearing House Association. Mr. Florence is president of The Republic National Bank of Dallas, a position which he has held for the past 24 years.

In its resolution the Dallas organization characterized Mr. Florence "as a banker of unusual ability, of outstanding leadership in banking . . ."

Mr. Florence is a former president of the Texas Bankers Association and has been active in the affairs of the A.B.A. He is chairman of the Association's Credit Policy Commission and a member of the Executive Council.

Prior to the Dallas Clearing House action, a letter announcing Mr. Florence as the "favorite son" candidate of Texas had been sent to all state bankers' associations by the Texas Bankers Association.

Written by the Texas association's secretary, William A. Philpott, Jr., the letter said:

"A distinguished banker, Mr. Florence is recognized throughout the United States as a top figure in the financial field. Heading up The Republic National Bank of Dallas, he is respected by all as a person of

unusual capacity, of keen sagacity, of sound judgment. We of Texas know he has the qualifications needed to serve his fellow bankers from the high seats of A.B.A.'s management.

"Mr. Florence had a term as president of his own state's organization, the Texas Bankers Association, and his performance was eminent and praiseworthy. For many years now he has given much time and thought to the work of the A.B.A., serving on the Council several times, on various committees, and for three terms he has headed the Credit Policy Commission as chairman—having been reappointed recently to this important post.

"Texas bankers are proud to present Fred Florence as their favorite son candidate for the A.B.A. vice-presidency in 1954. We hope his name will receive favorable consideration by the bankers of your fine state."

Television

(CONTINUED FROM PAGE 58)

(we used Class "A") cost $378 for 30 minutes on a 13-week contract. Production costs and announcer's fees brought the total cost to about $700 a week. As pointed out before, these costs vary with markets, but can be easily checked in your own city.

Our other costs included more than $3,000 for set construction, leader and trailer films, and promotional material.

Evaluating the success of our TV show is difficult. The staff are of different opinions. Enough customers have thanked us for bringing them the show to make us think it had merit. When we offered a booklet about wills on one program, we had an encouraging response. Professional surveys showed that our rating was surprisingly good in spite of tough competition on another station.

Meanwhile, television has come to three of the cities in which we have banks, and we are going to use spot announcements in two of them. Since we have now used all the available *March of Time* films, here in Atlanta, we are considering other programs for the winter season. Having gotten our feet wet in television, we're ready to go for a longer swim.

WHETHER YOU'RE A CORRESPONDENT BANK OR NOT:

Give Us A Job To Do

Send us your toughest problem . . . Phone LAfayette 3-6800, ask for Correspondent Banking Service and get action—fast!

The National Shawmut Bank
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Capital $10,000,000 Surplus $20,000,000

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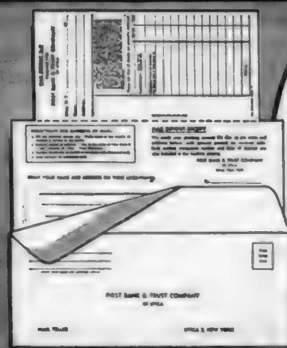
ARE YOU GETTING THE MOST out of your BANK-BY-MAIL METHOD?



Use The CURTIS BANK-BY-MAIL SYSTEM

- REDUCE OVERHEAD EXPENSES
- RELIEVE LOBBY CONGESTION
- ROUND UP NEW CUSTOMERS
- RETAIN OLD CUSTOMERS

Send for samples

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"MY BANK" TO A MILLION CANADIANS

B of M

CANADA'S FIRST BANK

Coast-to-Coast

BANK OF MONTREAL

New York--64 Wall Street San Francisco--333 California Street

Chicago: Special Representative's Office, 38 South Dearborn Street

575 Branches Across Canada • Resources Exceed $2 Billion

Dependability in Financial Statements

(CONTINUED FROM PAGE 34)

formed by a certified public accountant is the expression of an opinion as to the reasonable correctness and reliability of financial statements of business concerns and other enterprises issued by him or his accounting firm. If this were not the case, there is some question whether so many state legislatures, also Congress, would have enacted statutes providing for the licensing, after rigid examinations, of certified public accountants in order to serve the public interest by protecting the public—both existing and prospective creditors and investors—against materially incorrect or misleading financial statements on which they must rely for information in respect to the financial condition and the earning record of business concerns or other enterprises. The mere word "public" in the title denotes an obligation to the public a certified public accountant must never overlook.

What Is "Correct"?

Some readers may question the propriety of using the term "reasonable correctness" in the preceding paragraph. If so, those readers overlook the fact that the correctness of many figures in financial statements must depend upon the best judgment of the person or persons primarily responsible for the preparation of the statements. Who, for example, can estimate exactly the amount which will be realized eventually from the collection of receivables outstanding or from the use or disposition of inventories which may contain obsolete and slow-moving stocks? Furthermore, who can say that the annual allowance for depreciation, obsolescence, or amortization of fixed assets is exactly correct? These examples explain why the expression "reasonable correctness" is used in connection with the financial condition or net income reported in financial statements.

This lengthy prelude brings us down to the real objective of this article: a discussion of the financial statements and audit reports issued by independent certified public accountants, or public accountants, which one would be likely to find today in the credit files of many banks and trust companies. These financial statements and audit reports may be roughly classified into five categories:

(1) Financial statements submitted on the stationery of the independent accountants without comment, opinion or signature. Fortunately, few certified public accountants will use or permit their stationery to be used in this manner.

(2) Audit reports in which the independent accounts frankly state that the financial statements have been prepared without verification of the accounts and records supporting the statements; and audit reports which are less frank and leave to the imagination of the reader the extent, if any, to which the accounts and records supporting the financial statements have been examined.

(3) Audit reports containing the assertion that the financial statements were prepared "for management purposes only." It requires a vivid imagination to guess what is really behind those words if the auditors' reports or financial statements are presented to third parties and used for credit purposes.

(4) Audit reports accompanying financial statements which contain numerous paragraphs commenting on the scope of the examination or audit of the accounts and records supporting the financial statements. These so-called long-form reports may disclose why the independent accountants issuing the reports do not feel justified in giving an opinion in respect to the financial statements, or the reports may merely omit an opinion without comment.

(5) The last type is the so-called short-form report, often loosely designated as the certificate, in which the independent accountants issuing the report express an opinion that the accompanying financial statements fairly present the financial condition and the net income of the concern. If the report follows the customary wording, it says that the financial statements conform to accepted accounting principles applied on a basis consistent with that of the previous year and that the independent accountants followed "accepted standard auditing procedures" in their examination of the accounts and records supporting the financial statements. Little is left to the reader's imagination.

The financial statements and auditors' reports classified in the first three categories obviously do not constitute a sound basis for the extension of credit to a borrower or for continuing to lend to a borrower already on the books. In such audit reports, the independent accountants do not mention the extent of their examinations to establish the correctness of the accounts and records from which the financial statements were prepared nor do they make any direct representations as to the reasonable correctness of the financial statements. These auditors' reports leave the banker in complete darkness as to the extent to which he may rely on the figures reported in the financial statements.

Means of Protection

When a loan officer is confronted with such financial statements and auditors' reports, the normal procedure would be to request the borrower, prospective or actual, to furnish the bank with financial statements for which the independent accountants assume some semblance of responsibility in their audit reports. If a loan officer is reluctant to pursue that course of action because of competition, or if the borrower is unwilling to furnish acceptable auditors' reports, the only logical way to protect depositors and stockholders of the bank would seem to be to request the borrower to attest to and assume responsibility for the reasonable correctness of the financial statements submitted to the bank.

The Reader on His Own

The type of auditors' reports classified in the fourth category presents a different problem. These reports may either omit to express an opinion that the financial statements fairly present the financial position and net income of the concern, or the independent accountants may disclose therein why an opinion was omitted. In either case, the reader is on his own. He must carefully consider the contents of the report, especially the paragraphs relating to the scope of the examination, to determine how much credence may be safely given to the figures in the accompanying financial statements. A careful reading of an audit report often indicates why an opinion as to the financial statements apparently

(CONTINUED ON PAGE 132)

Are you looking for sound, practical mortgage investments . . .
looking for attractive, up-to-date homes
that offer excellent value in today's housing market,
as well as high resale value in years to come?
Then consider . . .

Why Gunnison Homes are a good mortgage investment

Planned For Comfort—Carefully designed to give home-owners the features they want, a Gunnison is an easy-to-live-in house. Details like sliding closet doors, Perimeter heating, and functional traffic arrangement mark the Gunnison as a modern house that will *stay* modern.

Soundly Constructed—A Gunnison is rigid, durable . . . built to last. United States Steel Homes, Inc has pioneered in the advanced precision-engineering methods which result in better-built houses at lower cost.

Versatile—Variations in size, exterior finish and color, window treatment, and architectural detail give each Gunnison Home a look of individuality. Carrier year-round air-conditioning and Hotpoint all-electric kitchen and laundry equipment are optional features which are getting an enthusiastic reception from the home-buying public.

You perform a real public service when you encourage the construction of well-built, low-cost Gunnison Homes . . . and you protect your depositors when you invest in superior mortgages in the $6500 to $12,000 range.

"Gunnison"—trade-mark of United States Steel Homes, Inc.

United States Steel Homes, Inc.

Formerly Gunnison Homes, Inc.
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Plants at New Albany, Indiana, and Harrisburg, Pennsylvania

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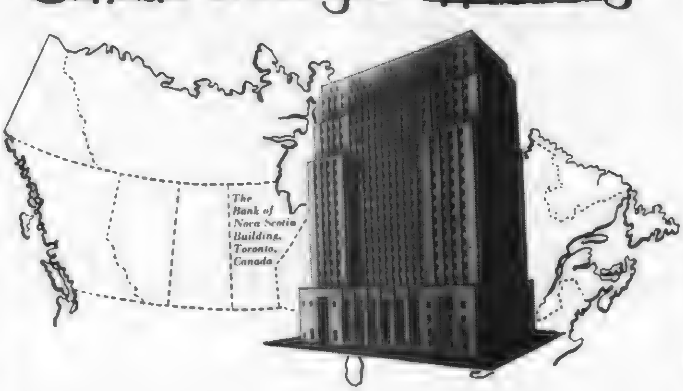

and here is the international bank to help you and your customers

THE fastest growing nation in the world offers rich rewards to those who seek them. Whether your clients are interested in mining, oil, gas, manufacture or trade, The Bank of Nova Scotia can help them.

With more than 400 branches in Canada, Great Britain, the U.S.A., and the West Indies, and with correspondents wherever men trade, The Bank of Nova Scotia is equipped to give you and your clients authoritative information and expert guidance on your banking and financial problems.

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General Offices: 44 King St. West, Toronto
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In Cuba: Havana and 6 other branches.
In Puerto Rico: San Juan, Fajardo and Santurce.
In Dominican Republic: Ciudad Trujillo.
And correspondents all over the world.

(CONTINUED FROM PAGE 130)

was withheld, even though the independent accountants do not specifically disclose the reason, as they should.

The audit reports listed in the fifth category are those welcomed by all credit grantors and investors. In these short-form reports, the independent accountants assume a direct responsibility for the effectiveness of their examination of the accounts and records of a concern in order to establish the reasonable correctness of the financial statements prepared from the accounts, and they express a forthright opinion that the accompanying financial statements fairly present the financial position and net income of the concern. The opinion, however, occasionally must be qualified in order to protect the independent accountants expressing the opinion, or to make a full disclosure of pertinent and material information in the audit report or the footnotes to the financial statements.

Reasons for Qualifications

What causes independent accountants to incorporate qualifications in their opinions in respect to financial statements? The usual causes are that (1) the concern's accounts and financial statements did not conform to "accepted accounting principles," (2) the accounting principles applied in the current financial statements were not consistent with those applied in the previous years' financial statements, or (3) the independent accountants found it was not feasible or possible to apply accepted standard auditing procedures in their examination of the concern's accounts and records. The Institute, however, has placed one important limitation on qualifications to an opinion, namely: The qualifications should not vitiate the opinion.

The extent to which necessary qualifications to an opinion in an audit report or certificate undermine the dependability of the financial statements for credit purposes is a question a loan officer or a credit analyst must decide. One qualification may be exceedingly important and another qualification of minor importance. The credit department may be most helpful in weighing the relative importance of the qualification, especially if a member of the Robert Morris Associates. Members

of that organization have worked closely with the certified public accountants for years and they have far more than a speaking acquaintance with "accepted accounting principles" and "accepted standard auditing procedures."

Today, most banks are tightening up on loans made and other credits granted owing to the limited supply of loanable funds available. Another reason is the banker's concern with what may happen when many concerns must depend more on civilian production and less on defense production for profits. Why not tighten up on the requirements for financial statements and auditors' reports at the same time? Otherwise, the time may come when loan officers may have to re-examine credit files on doubtful loans and work-outs and they are likely to wonder why loans were made, or credits granted, on the financial information contained in those files.

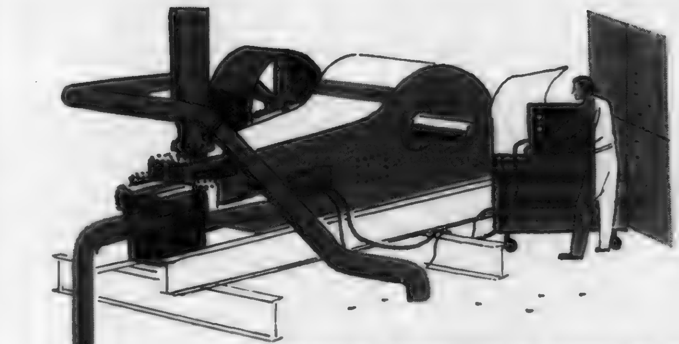
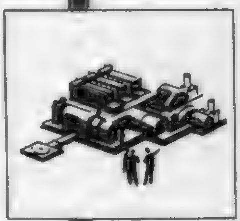
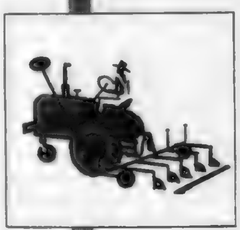
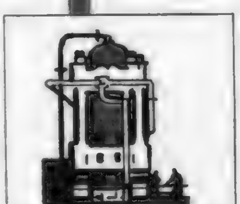
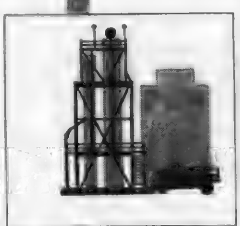
The Vital "Know-How"

Anyone participating in the granting or reviewing of bank credits appreciates that the foundation of a sound credit, next to the character and "know-how" of the borrower, is the financial position and earning record of a business concern disclosed by its financial statements. As a matter of fact, the "know-how" of management generally is substantiated by the operating results reflected in the financial statements. These factors make the dependability of financial statements all-important when a loan officer utilizes them to pass upon the desirability of a credit for his bank.

If this article, which is written at the request of senior bank officers, results in obtaining more information and more dependable financial statements for the use of loan officers and credit analysts when making and servicing loans and other bank credits, it will serve a useful and constructive purpose.

We are never sure whether modern music is a passing fancy or returning infancy.

The Communists are not very good at peace-work.

MACHINERY PRODUCTION (non-electrical) has become Los Angeles Metropolitan Area's second largest manufacturing industry in terms of employment. The area tops the nation in production of pumps and compressors, and refrigeration machinery, and is second in oil field machinery and tools. In 1952, employment averaged 54,580 workers; payroll totaled $263,855,000. This year, if current rate is maintained, payroll will be near $275,000,000—well over 2½ times the 1947 census total.

SECURITY-FIRST NATIONAL BANK
OF LOS ANGELES

Statement of Condition
September 30, 1953

RESOURCES

Cash and Due from Banks		$ 396,471,114.34
U. S. Government Securities	$967,062,053.96	
State and Municipal Securities	60,856,301.60	
Other Bonds and Securities	14,841,860.35	1,042,760,215.91
Loans (less reserves)		538,230,769.42
Earned Interest Receivable		5,939,366.06
Customers' Liability under Acceptances and L/C		5,361,666.13
Bank Premises		4,046,768.88
Other Assets		338,743.62
TOTAL		$1,993,148,644.36

LIABILITIES

Capital	$ 30,000,000.00	
Surplus	40,000,000.00	
Undivided Profits	51,377,748.74	$ 121,377,748.74
Reserves for Interest, Taxes, etc.		18,463,879.40
Interest Collected—Unearned		5,735,961.02
Acceptances and Letters of Credit Liability		5,361,666.13
Other Liabilities		265,642.47
Deposits—Time	$ 609,239,293.31	
—Demand	1,232,704,453.29	1,841,943,746.60
TOTAL		$1,993,148,644.36

Securities carried at $204,153,385.54 are pledged to secure trust funds and U. S. Government, State and other Public Moneys, and for other purposes as required or permitted by law.

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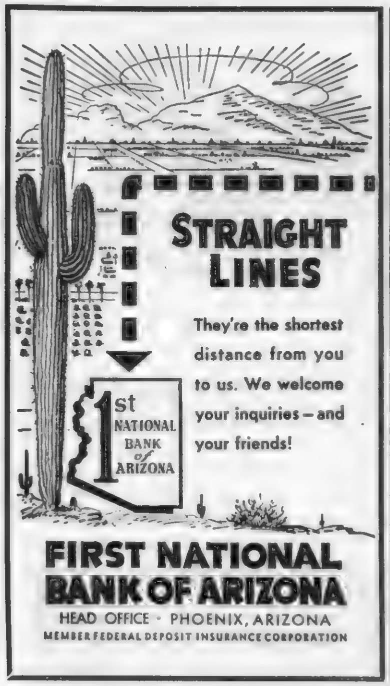


ARO

The ARO EQUIPMENT CORP.

Bryan, Ohio

Quarterly Dividend Notice

The Board of Directors has declared a quarterly dividend of 30¢ per share of common stock payable October 15 to shareholders of record at the close of business October 1, 1953.

L. L. HAWK
Sec.-Treas.

September 17, 1953

SCHOOL SAVINGS SYSTEMS That assure SUCCESS

EDUCATIONAL THRIFT SERVICE
School Savings at its best
INCORPORATED
22 PARK PLACE NEW YORK 7, N.Y.

Sales Kit

(CONTINUED FROM PAGE 54)

pany is included. The latter is particularly effective with personnel men in industrial plants whose help is so often solicited by employees involved in personal financial problems. There is also a schedule of suggested rates on various types of secured loans, i.e., life insurance, savings banks, stocks and bonds, etc.

Deciding Factor

From our limited experience with an officer call program, we are convinced the sales manual has been a deciding factor between a productive and a nonproductive call. Once a bank decides it is going to send its officers out into the field to call on bank customers, it should do so in full recognition that its officers are primarily professional bankers and not salesmen. Many bankers who suddenly find themselves involved in calling on bank customers find the thought of such an undertaking very disconcerting. In such a program the initiative is with the bank officer, since he must represent the bank in all phases of its operation. In this situation he is no longer the specialist that he is in the comfortable confines of the bank. If he is questioned on a bank function apart from his own sphere of daily banking experience he cannot at that moment call on any other officer to supply the answer to the customer inquiry. He is truly alone—yet he is the bank.

Our experience has definitely proved to us the necessity of equipping the bank officer properly for the task to which he has been assigned. When he is asked to sell the various services of the bank, he should definitely be provided with the portfolio of the salesman. A sales or service kit will produce business for the bank, because the officer will have the material to help him talk aggressively and confidently about banking services. The sales kit puts the emphasis on constructive calls and the development of additional business rather than on calling to express a perfunctory "thank you" for past business.

The technique of calling on bank customers was included in our program establishing a new branch office in a small neighborhood shopping area midway between our town and the adjoining city. The basic difference between the neighborhood call plan and the commercial plan was the substitution of a woman bank hostess calling on housewives instead of a bank officer calling on local businessmen. However, each selected the calls to be made from the same source—the file of present bank customers. Each plan had the same broad objectives: First, develop customer goodwill and favorable regard for the bank through an expression of bank appreciation for, and sincere interest in, the customer's present banking business. Secondly, acquaint customer with banking services available for him and, if not presently being used, suggest their future use.

Since the program was somewhat of an experiment, no formal time schedule for calling was proposed. Our hostess was guided to a large extent by her personal commitments, conditions of the weather, and our ability to keep her supplied with a list of customers to contact.

The plan called for our representative to visit personally each householder in the branch area who had done business at the new office. Lists were prepared from branch files of checking account customers, savings depositors, club members, register check purchasers, and personal loan applicants. Our hostess prepared an individual 3 x 5 card for each name on the list. These cards were then sorted numerically by streets, thus producing a branch central file containing names, addresses, and services of all customers to be contacted.

Sales Materials

The hostess carried the sales kit, referred to earlier, on each call. In addition she had personal calling cards, bank advertising material covering the various loan and deposit services, and a gift package of four plastic coasters appropriately imprinted with the bank scroll. The coasters, calling card, and appropriate advertising were left on every call.

A report was made for each call completed. From these reports we learned a great deal. The vast majority of customers contacted were favorably impressed by the visit of a bank representative and were quite willing to discuss their financial needs. (END)

HOW TO GET MORE DEPOSITORS

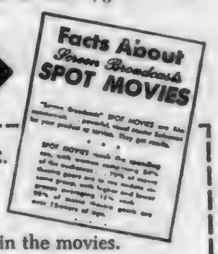
Advertise with Screen Broadcast SPOT MOVIES in your local theaters

MAKE LOCAL THEATRE CROWDS YOUR CUSTOMERS

GET MORE CUSTOMERS. Advertise your business with Spot Movies. These are already-prepared, *live*-action, talking motion pictures for use by Banks in local theatres. The use of these films actually cost *less* than printing and mailing circulars. They are the same type used profitably by over 50,000 local firms, including thousands of Banks. Spot Movies command virtually 100% attention from audiences made up of *your best prospects*, the people who live in your trade area.

SCREEN BROADCASTS ARE MASTER SALESMEN. These FULL COLOR and black and white films give *life* to your sales messages. They cover all principal banking services, including personal checking accounts . . . benefit of regular savings . . . and the types of loans you make. Most important, they stress the friendliness and convenience of your service without detracting from your dignity. SCREEN BROADCAST Spot Movies are ready for your use—we handle all details, including booking and inserting YOUR BANK NAME and ADDRESS which is shown on the GIANT screen for a full 1/3 of each film.

Mail Coupon Today for Free Information



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(CONTINUED FROM PAGE 41)

tration to take back its commitment to refrain from asking for re-enactment of the excess profits tax or the second 1951 boost in personal income taxes. In view of public misunderstanding of the President's Boston speech, Secretary Humphrey's reiteration of those points in his address to the A.B.A. convention affirmed these commitments.)

Ending of EPT and the second personal income tax boost becomes a commitment to lose $5-billion. The President also has promised adjustment of some of the more inequitable rates of specific Federal excise taxes.

Finally, the Administration is committed to backing an over-all revision of taxes. In the year of a congressional election there will be considerable pressure on Congress to provide tax relief beyond that which already has been scheduled. With a revision bill for consideration, there will be many more opportunities for members to yield to this pressure than there would be if no tax bill were brought up for consideration.

If the worst revenue possibilities were to develop, the Administration would have to move much faster than seems within their control to cut spending. Hence, to avoid a further substantial Treasury deficit will require the utmost public backing for the Treasury next year on the question of taxes and tax rates.

Count On Banks To Buy RFC Loans

Preliminary plans of the Reconstruction Finance Corporation to dispose of its $1,095,000,000 of loans and other assets indicated that the agency, under the direction of Kenton R. Cravens, is relying heavily upon commercial banks to buy RFC business and defense loans in good standing. Outstandings and commitments aggregated $705,000,000 of business loans, including $278,000,000 of defense loans.

Mr. Cravens was made a special assistant to the Secretary of the Treasury to handle Defense Production Act loans and the liquidation of such loans, which were transferred to the Treasury in the act liquidating RFC.

As a preliminary measure, in the case of loans of $200,000 to $500,-

000, RFC examiners, acting as personal agents of RFC Administrator Cravens, are contacting commercial banks to see if they are interested in the purchase of such loans.

It is anticipated that, for loans running between $500,000 and $10,000,000 each, special arrangements of a syndicate or pooling arrangement nature will have to be worked out. This may require legislation in the next Congress amending the banking acts to permit investment in such pooled loans, or securities representing such pooled loans.

Where banks buy larger RFC loans, the agency will enter into a deferred participation to buy back up to 90 percent on the call of banks.

Between 85 percent and 90 percent of RFC's total of business and defense loans, aggregating 5,000 in number, are considered to be good marketable obligations.

H-Bomb Contradictions

Contradictory opinions about Russia's H-bomb possibilities would make sense from one viewpoint: A serious difference of opinion is being argued as to whether the present defense program should be heavily increased, and at a much greater cost.

Perhaps the public may be a long time in learning at what point the diverse appraisals of the military outlook may be reconciled. However, the public can grasp, perhaps, that, whatever intelligence some officials may possess, they are for one reason or another convinced that there should be a sharp increase in the volume of defense spending.

Probably the steadier members of the Eisenhower team, on the other hand, are convinced that some downward adjustments in the present defense program can be made to allow for some other upward adjustments, such as radar detection and bomber interception. If the President were to be influenced to add greatly to defense spending, any thought of balancing the budget during his present term of office would, of course, utterly vanish as if H-bombed out of existence.

JCS Role

What kind of a military program is in sight for the next few years, however, will not be determined until (1) the Joint Chiefs of Staff have made recommendations on this

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¶ 1. The names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, The American Bankers Association, 12 East 36th St., New York 16, N. Y.; Editor, William R. Kuhns, 12 East 36th St., New York 16, N. Y.; Managing Editor, None; Business Manager, Merle E. Selecman, 12 East 36th St., New York 16, N. Y.

¶ 2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.) The American Bankers Association, 12 East 36th St., New York 16, N. Y. (A voluntary unincorporated association of banks); Everett D. Reese, President, The Park National Bank of Newark, Ohio, President; Harold Stonier, 12 East 36th Street, New York 16, N. Y., Exec. Vice-President; Merle E. Selecman, 12 East 36th Street, New York 16, N. Y., Executive Manager.

¶ 3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.). None.

¶ 4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

¶ 5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semiweekly, and triweekly newspapers only.).

WILLIAM R. KUHNS, *Editor*

¶ Sworn to and subscribed before me this 1st day of October, 1953.
¶ Elizabeth Rautanen, Notary Public, State of New York, No. 31-8503250. Qualified in New York County, Cert. filed with N. Y. Co. Clks. & Reg. Offices. Cert. filed with Westchester Co. Clerks.

¶ (My commission expires March 30, 1954.)

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subject, (2) the President has accepted, rejected, or modified them, and (3) the Congress has approved them.

Mr. Eisenhower, it is recalled, asked the Joint Chiefs to take a new look, as it were, at Russian capabilities and the necessities required if they needed to be countered by the U. S.

It is pointed out, however, that basically the Joint Chiefs as a body of military men must by nature or occupation seek the maximum defense possibilities which can be wrung from the American economy and the U. S. taxpayer.

As a practical matter, however, they must have guidance as to the maximum the President feels should be employed in material, manpower, and finance consistent with all the objectives of the Federal Administration. They may advise the President, for example, how much of a defense $100-billion annually, $40-billion, or $33-billion annually would provide. Necessarily they will evaluate the H-bomb threat in making their assessments.

In the end, however, it is the President who makes the final decision as to what sums are to be recommended to the Congress.

In the ordinary course of events the new defense program to be recommended (if varying materially from the present program) would not appear until about the time the new budget is ready for submission to Congress. It would take that much time to be sifted at various levels. On the other hand, at any time the President comes to a decision on any modification or alteration of the direction or volume of spending, he may say so publicly, without waiting until he submits the new budget next January.

SBA Policy Is Unique

Small Business Administration officials have adopted a policy unique in the many fields of Government-sponsored credit. Where banks or other lenders participate with SBA in making loans to small business, the lender may determine the rate of interest on both the Government and the private credit share.

Lenders' discretion, however, is limited by two factors. The rate must not be less than 5 percent, and, of course, it must not be greater than the maximum legal

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rate in the state in which the private lender operates.

This unusual policy is consistent with the Eisenhower Administration philosophy of a free economy, and of a free money market with a minimum of Government interference. Hitherto, Government in virtually all of its activities has enforced a uniform rate, regardless of whether the accommodation came from areas of abundant or of scarce credit.

On loans in which all the funds are made direct by SBA, however, or in which there is no private participation, the rate is uniformly 6 percent.

This policy of a 6 percent rate reflects a further courtesy to conventional lending practice. Obviously SBA loans are not choice risks, for the agency may lend its own funds only when accommodation is definitely unavailable elsewhere.

Nevertheless, the 6 percent rate is a departure from the long-established Federal notion that regardless of risk, a borrower from the Government was entitled to, in effect, a subsidized rate.

Story in Figures

There have been a few on Capitol Hill who have been bewailing the trend toward higher interest rates. They see it as a plot to enrich the banking fraternity.

Between the first six months of 1952 and the first half of 1953 there was a brisk rise in interest rates. From the office of Ray M. Gidney, the Comptroller of the Currency, there has come the customary release of figures on national bank operations for the two periods. The figures are virtually bare as they come from Mr. Gidney's office, with only comparisons, no interpretation.

Bare as they are, however, these figures tell a story or two. Here are some of the pertinent figures in millions of dollars:

Item	*6 mos. 1953*	*6 mos. 1952*	*Change*
Net profits	293.5	278.9	+14.6
Federal income taxes	262.0	213.9	+48.1
Percent profit before dividends	8.21	8.22	— .01
Dividends	127.8	120.6	+ 7.2

In other words, although net bank earnings went up in total dollars by $14,600,000, the ratio of earnings to capital put up by the owners

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(capital having increased in total amount from 1952 to 1953) actually decreased by a hair, or by one one-hundredth of 1 percent.

Furthermore, while banks' net earnings increased by $14,600,000, the take in direct Federal income taxes (banks pay many other taxes) shot upward by more than three times as much, or were $48,100,000 greater.

If dividends to shareholders are any kind of a measure of how beneficial it is to be a stockholder in a bank, the Comptroller's figures show that all dividends on national bank shares rose by $7,200,000. The gain for Uncle Sam was six to seven times greater, or $48,100,000.

Or, putting it another way, the fellows who salted away investments in national bank shares got a look at $127,800,000 in earnings for the first six months of 1953. This was substantially less than half what the banks handed over to the Federal Treasury on Federal income taxes alone on net profits before dividends.

After national bank shareholders got their look at this $127,800,000 of dividends, they resignedly paid over a great deal—a good guess is much more than half of it—to the United States Treasury as Federal taxes on their personal incomes.

In theory, when money enters an era of rising yields, there is a little lag before, inevitably, the lending institution has to start paying higher returns to entice deposits. Banks very definitely are raising returns to depositors. However, the Comptrollers' figures suggest that the tax collector got there first.

Housing Mortgages

There is little prospect that the agitation for having the Government do something to encourage the flow of housing mortgages will come to a boil before winter.

When Albert M. Cole addressed the A.B.A. convention, he indicated that if lenders did not do something to increase the flow of housing mortgage money, the Government would. Mr. Cole is Administrator of the Housing and Home Finance Agency.

About the only thing the Government could do in a hurry would be to start buying FHA's and VA's through the Federal National Mortgage Association. Or it might open

(CONTINUED ON PAGE 142)

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MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition
September 30, 1953

RESOURCES

Cash and Due from Banks . . .		$ 758,266,534.85
U. S. Government Securities . . .		750,865,789.98
U. S. Government Insured F. H. A. Mortgages		77,849,118.10
State, Municipal and Public Securities		133,761,880.48
Stock of Federal Reserve Bank . .		4,511,700.00
Other Securities		26,800,018.77
Loans, Bills Purchased and Bankers' Acceptances		1,008,844,795.73
Mortgages		12,560,194.48
Banking Houses		14,371,004.58
Customers' Liability for Acceptances		11,950,590.38
Accrued Interest and Other Resources		7,003,720.80
		$2,806,785,378.15

LIABILITIES

Capital	$ 50,390,000.00	
Surplus	100,000,000.00	
Undivided Profits .	27,291,407.78	$ 177,681,407.78
Reserves for Taxes, Unearned Discount, Interest, etc. .		22,258,445.45
Dividend Payable October 15, 1953		1,763,650.00
Outstanding Acceptances		12,670,547.26
Liability as Endorser on Acceptances and Foreign Bills		16,588,980.04
Other Liabilities		1,960,112.48
Deposits		2,573,862,235.14
		$2,806,785,378.15

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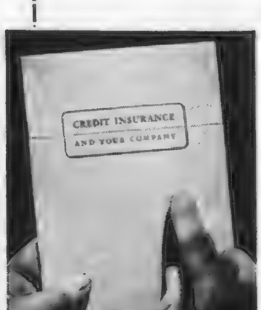

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(CONTINUED FROM PAGE 140)

up FNMA to advance commitments, which would result in boosting the volume of direct Federal credit two or three months hence.

This approach, however, is not a practical possibility at this time. Purchases by FNMA show up as Treasury disbursements. With the Treasury hard put to maintain borrowing below the debt ceiling of $275-billion, any further strain might cause the Treasury to fail in its endeavor to stay below the debt ceiling, and require the calling of a special session of Congress to boost the debt limit.

It is confirmed in responsible quarters that no FNMA program is contemplated, at least this fall. Mr. Cole was said to be hoping his "warning" in and of itself might stimulate the necessary flow of mortgage money.

Removal of Limit?

Even if, next winter, officials appraise the outlook for housing credit bearishly, they may not necessarily resort to the old stimulant, FNMA, some officials explained.

Another interesting alternative is reported to be under consideration.

This would provide in practical effect for the removal of an effective statutory limit on the Government-sponsored loans. As a matter of fact Congress might retain a nominal ceiling, of say, 6 percent, on FHA's and VA's, with the idea that officials would set an actual rate as close as they could come to the dictates of the mortgage market, after an exhaustive inquiry. This rate might be, say, 5 percent.

When this was done, Congress would be asked at the same time also to do away with the provision it tacked on this year legalizing sale of both FHA's and VA's at discounts. Officials are said to be considerably disturbed at the large discounts which have been prevailing on the 4½ percents.

They feel that this two-way step would provide a mortgage market at a going rate without discounts. It would also square with the Eisenhower Administration philosophy of adjusting to the demands, as it were, of the market for money.

Some officials are said to feel that such a program might provide all the credit needed, and would avoid

(CONTINUED ON PAGE 145)

WORLD WIDE BANKING

Chase

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, SEPTEMBER 30, 1953

RESOURCES

Cash and Due from Banks		$1,386,732,289.38
U. S. Government Obligations		1,110,553,447.32
State and Municipal Securities		316,247,709.33
Other Securities		226,059,955.86
Mortgages		34,208,724.81
Loans		2,378,254,576.57
Accrued Interest Receivable		13,904,761.06
Customers' Acceptance Liability		49,845,429.44
Banking Houses		31,911,697.26
Other Assets		5,428,665.80
		$5,553,147,256.83

LIABILITIES

Deposits		$5,046,752,210.82
Foreign Funds Borrowed		15,276,783.00
Reserves—Taxes and Expenses		32,247,494.82
Other Liabilities		25,026,839.93
Acceptances Outstanding		55,021,300.97
Less: In Portfolio		4,552,971.78
Capital Funds:		
Capital Stock (7,400,000 Shares—$15 Par)	$111,000,000.00	
Surplus	219,000,000.00	
Undivided Profits	53,375,599.07	
		383,375,599.07
		$5,553,147,256.83

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(CONTINUED FROM PAGE 142)
a resort to inflationary devices again.

Officials wish to give more and more encouragement to the renovation of older houses, particularly trade-ins.

FHA for some months has stood ready where appraisals would justify it, to offer to give an advance commitment to insure the loan of a builder who took an old house in trade, for a sum of money required to renovate a traded-in house upon an agreed plan, and also enough to cover the outstanding loan on the traded-in house, if any.

This would enable a builder not merely to "clean up and fix up" a traded-in house, but to make it a choice, marketable product. An extreme instance of this was a house in California traded in with an outstanding loan of $6,000. This was the worst house on a block of fine homes. The builder spent $8,000 in not merely renovating the house, but in adding to it and improving it to the point where it stood up to the standards of the neighborhood.

With tough competition returning to the home building industry, officials see in this field—which they say has hardly been touched—remarkable possibilities for business in the years ahead. Builders have avoided this business because it has been relatively easier to build and sell new houses.

But with 50,000,000 houses in existence, this can provide a substantial source of activity for both the housing construction and the lending industries, officials assert.

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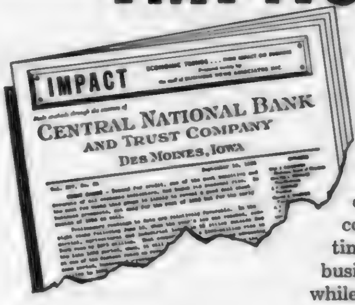

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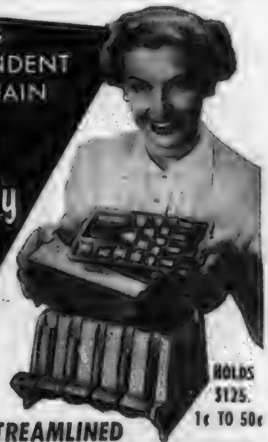

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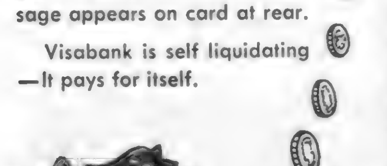

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(CONTINUED FROM PAGE 60)

find some of the latter are much the bigger ones.

"One of the first men I met in the bank had been to one of our eastern offices exploring a rumor of the GE move. He had little to go on then but it was enough now to get me started in his direction.

"It certainly worked out fine for us We gave him all our problems in one lump. Then we told him we were going across the street to talk to his competitor so that we could create competition between them right at the start."

GE kept in close contact with Louisville banks and welcomed their help in solving early problems.

Public Service Opportunity

As one bank official in Louisville put it, "We felt we were rendering a real public service—one that was in the best interest of the entire community. It gave us an excellent opportunity to show the community the kind of service we are capable of rendering. Every one of the five banks deserves some credit. Those who aided directly moved mountains literally and figuratively. Others helped in a thousand and one different ways."

If you talk to Noel Rush, president, Lincoln Bank & Trust Company; Lee P. Miller, president, Citizens Fidelity Bank & Trust Company; Merle Robertson, president, Liberty National Bank & Trust Company; J. McFerran Barr, president, First National Bank; or Earl Muir, president, Louisville Trust Company, each will say in effect, "We're glad to be a part of it. We're confident the service we rendered to GE means much to the future of our area, and will benefit all facets of business."

The plan of the bankers was simple. Joining forces with officials of the Louisville Chamber of Commerce, they set up a special and unofficial committee consisting of two bankers, two railroaders, a leading businessman, and two top CofC men.

At no time were any promises made by either side. The General Electric people would set up the problem for the committee. From then on the committee wrestled with it and never gave any details to General Electric.

For example, General Electric pointed out: "We can't make any plans unless the zoning needs for the plant can be met." Without further ado, the committee took the problem from there. Through their knowledge of leaders and constructive thinkers on the zoning board, they brought together a couple of key zoning men to hear out GE needs and the "why" of them.

As subsequent plans became public and the necessity for certain changes became obvious, those who had been posted in advance were ready with helpful background information. No pressures were in play, and occasionally GE had to make changes because their requests were not feasible or practical for certain local reasons.

The GE project manager gladly dwells on this point to visitors. "I've been asked a hundred times whether politics entered the picture. Never once was there a single instance of it here. Not even a gesture. My company would never have stood for it, and it was gratifying to find such excellent caliber of elected officials.

Tough Problems

Sometimes the problems were not easily solved. For example, the last of the landowners inside the site boundaries got the idea that, being last, maybe they could squeeze a few thousand more dollars out of their land. GE dumped this one in the bankers' laps.

Without fanfare they developed local contacts through directors and customers so that any attempted squeeze was brought back in line.

Roads, utilities, water—a thousand and one similar items were dropped on the bankers and the committee. For instance, the banks are credited with helping to settle some six hundred transplanted executive families in keeping with their hopes and budgets.

Summing up the move, GE men tell a frank story to executives of other large companies who drop in for details of mistakes and problems connected with the project.

"Boys, if you want the best and smoothest help, pick some good banks. Between their executives, staff, and directors just about every reasonable requirement can be accomplished. That's what we did in Louisville and it helped to get the job done."

Treasury and Banks

(Continued from page 44)

eral Reserve banks, into which flow funds from over 10,000 secondary reservoirs, the tax and loan accounts in the commercial banks of the country. Money received by the Government, to a large extent, first feeds into the secondary reservoirs at the commercial banks which maintain deposit accounts known as "Treasury tax and loan accounts." As funds are needed to meet Government disbursements, the funds in these secondary reservoirs are turned into the 12 main reservoirs at the Federal Reserve banks.

What many people overlook when they look at the aggregate balance in these accounts is the fact that the funds are extremely volatile, and, as a result of the uneven flow of Government receipts and expenditures, the balances fluctuate considerably. The accounts are very active and the flow is rapid and continuous. Using end-of-the-month figures, the balances in these accounts fluctuated during the fiscal year 1953 from $6,027,000,000 on July 31, 1952, down to $1,859,000,000 on April 30, 1953. It may be of interest to note that against this latter figure there were outstanding Treasury calls on April 30 amounting to $887,000,000. The volatility of these accounts is indicated by the percentage of withdrawals made against uncalled balances in the larger accounts (i.e., over $150,000) during the first three weeks of June. On June 1, 30 percent of the uncalled balance was withdrawn; on June 4, 40 percent; on June 8, 60 percent; on June 11, 30 percent; on June 15, 35 percent; and on June 18, 50 percent.[1]

The volume of receipts and disbursements flowing through the tax and loan accounts has increased steadily during the past six years (expressed in millions of dollars):

	Receipts	*Withdrawals*
1948	$8,575	$7,765
1949	15,231	15,233
1950	16,876	15,380
1951	24,128	21,716
1952	36,492	37,066
1953	41,267	43,302

Impressive as these aggregate figures may appear, they do not begin to tell the real story behind the management of the flow of money through the Treasury's wide network of bank accounts. As this is being written the Treasury has a little more than $5-billion in the tax and loan accounts at commercial banks. The cash position estimates prepared today, for the week ending October 8, indicate disbursements in excess of receipts in Treasury accounts at the Federal Reserve banks in the tidy sum of $1,903,000,000. To meet these disbursements, after allowing for outstanding calls against the tax and loan accounts amounting to $869,000,000, is was necessary to make additional calls on tax and loan accounts in the amount of $860,000,000, resulting in a net drain on the balances at the Federal Reserve banks of $174,000,000. Thus, withdrawals from the tax and loan accounts during the week ending October 8 will amount to $1,729,000,000.

Another thing many people do not realize is that the moneys in tax and loan accounts are *demand* deposits and that there are usually outstanding against them large amounts of Treasury calls for payment into the Treasury's accounts with Federal Reserve banks. Moreover, they are subject to reserve requirements of the Federal Reserve System, insurance assessments of the Federal De-

[1] These percentages are against the uncalled balances on the date indicated.

61 BRANCHES

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1952:	US. $ 400. 670.000	US. $ 463.227.000

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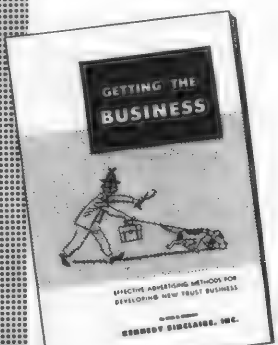

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posit Insurance Corporation, and collateral security requirements of the Treasury Department.

Too great emphasis cannot be placed on the benefits which the country receives through the operation of the special depositary system and the tax and loan accounts. Tax receipts and proceeds from sales of Government securities are received in large amounts at one time and while the regular expenditures flow out at a more even rate there are also wide variations in the flow of certain classes of Government expenditures, such as interest on the public debt. If tax receipts and proceeds from sales of Government securities should be immediately withdrawn from the banking system, and before the funds are returned to the channels of trade through Government disbursements, serious financial disturbances would occur. Under the present system, where withdrawals are made gradually as the Government has need for funds, there is avoided the shock to bank reserves which otherwise would occur if the funds were immediately withdrawn and deposited in the Federal Reserve banks. The procedure avoids the accumulation of idle Government funds at the Federal Reserve banks and by smoothing out the peaks and valleys of the money flow it helps minimize disturbance of the money and security markets.

Uneven Flow of Income, Outgo

There are necessarily periods in which the Treasury's balances may appear to be abnormally high. This is due to the uneven flow of Government receipts and expenditures and the need for spacing cash borrowing operations. It is not practicable, or in the public interest, to conduct cash borrowing operations at too frequent intervals. Therefore, when funds are raised to finance budget deficits or in anticipation of heavy income tax collections in March and June, securities may be sold some time in advance of the time when the funds are to be disbursed. Furthermore, cash financing operations must be timed so as not to interfere with the refunding of maturing obligations.

When the Treasury sells tax anticipation Treasury bills on a competitive bid basis, the proceeds of which are deposited in the tax and loan accounts, the Treasury derives some benefit through a lower interest rate than would be obtained if the proceeds were paid directly into the Treasurer's accounts at the Federal Reserve banks. There is a wider competition for the securities which is reflected in a lower interest rate, because banks take into consideration the value to them of the tax and loan deposit.

Experience during two world wars and since has demonstrated that the orderly and economical transaction of the Government's fiscal business requires the utilization of facilities of the banking institutions throughout the country. Only in this way can the fiscal business of the Government be handled without unnecessary delay and financial disturbance.

Banks perform many services for Government agencies, particularly the Treasury. Most of these services are performed free of charge, either as a public service or in the interest of fostering good customer relations. When one stops to consider the vast amount of work which banks do for the Government in various lines of activity, he realizes that without them a large increase in the number of Federal employees would be nec-

essary and a large expense to the Government would be entailed.

Perhaps the most important public service the banks render is the sale and issuance of United States Savings Bonds, either by direct cash sales or through the servicing of payroll savings plans. They do this work without charge to the Treasury, notwithstanding the fact that in many cases it is necessary to employ full-time employees on the work. As a means of assisting the Treasury in preventing or reducing tax evasion, banks furnish the Internal Revenue Service, without charge, information regarding large currency transactions. In many instances they issue drafts to Federal agencies, free of charge, for the purpose of remitting collections to Federal Reserve banks. They distribute announcements and receive subscriptions for the purchase of Government securities, and they handle matured marketable bonds for redemption or for exchange into new issues, all without reimbursement by the Government. They cooperate with the Government's foreign funds control activity in order to prevent leakage of American assets into certain foreign hands, requiring the keeping of supplemental records and the filing of many reports with the Treasury. They handle without charge to the Government remittances from employers in connection with the deposit of withheld income and social security taxes. They report to the Internal Revenue Service interest paid on savings accounts and the payment of dividends where banks act as financial agents for corporations.

Few Services Pay Fees

There are only a comparatively few areas where banks receive fees for services, and these are nominal, such as the redemption of savings bonds and the servicing of Commodity Credit Corporation crop loans. These services entail risks of loss as well as expense which the Government could hardly expect the banks to assume without reimbursement. For instance, when a bank redeems a United States Savings Bond, it is liable for any loss resulting from an error in identification. Every Government check paid by a bank carries the bank's guaranteed endorsement, and all Government deposits must be secured by the pledge of eligible collateral security.

Some 30 years ago, when I was pursuing a course of study in business administration, accounting, and banking, I had a great desire to learn how the Government was able to collect its revenue and pay its bills promptly in all corners of the world. While this was a great mystery to me at that time, I had no idea that the job of running the daily cash position of the Treasury involved much more than the taking in of money and paying it out. As I learned more about Treasury operations, I became more and more impressed with the efficiency of its fiscal mechanism, made possible by the close integration of the Treasury operations with the banking system of the country. As I think of this and other marvelous inventions, such as the steam engine and the cotton gin, I often wonder why there is not included in the Hall of Fame the name of the person who developed the fiscal procedures of the Treasury. The difficulty is that no one knows who is entitled to the credit.

Many of those who have had a hand in its development have passed on to greater rewards. Perhaps it is fair to say that no single individual is responsible for its existence, but we do know, to use an old expression, that necessity was the mother of this invention. As one of my friends recently said, "If we didn't have it, it would have to be invented in a hurry."

E and H Bond Sales Record

SALES of the series of U. S. Savings Bonds that only individuals may buy were the greatest in the first nine months of 1953 of any corresponding period since 1946. Last month was the best September for these sales since 1945, and the quarter ending with September was also the best third quarter since World War II.

Treasury figures show Series E and H sales of $343,245,000 in September were 18 percent above those of September 1952, and 49 percent greater than E bond sales of September 1951, which was prior to the introduction of the current income H bond, June 1, 1952. Sales of E and H bonds are confined to individuals.

In the third quarter of 1953, Series E and H cash sales of $1,059,047,000 were 17 percent above those of the third quarter of 1952 and 37 percent above E bond sales in that quarter of 1951.

For the first nine months of 1953, E and H cash sales of $3,290,169,000 topped those of the corresponding period of 1952 by 23.7 percent. They exceeded total redemptions of the two series, matured and unmatured, by $151,921,000, for the nine months.

In September, redemptions of unmatured E and H bonds, at $266,181,000, were a third of a billion dollars ($330,000) below those of the previous September. Cash-ins of matured E bonds, at $113,221,000, were up $42,491,000. Total E and H redemptions of $379,402,000 were 12.5 percent above those of September 1952.

Between May 1, 1951, and the end of September 1953, more than $9-billion of E bonds had matured. Of these, some $6.9-billion, or 77 percent, were being retained under the automatic extension option which provides an increase in cash value each six months for up to 10 years after maturity if the owner simply keeps the bond. To date this is equivalent to selling almost $7-billion in E bonds to replace those matured.

Redemptions of matured E bonds were $193,968,000 greater, but the total for matured E's and unmatured E and H bonds — $3,138,248,000 — was about 1 percent less in the first nine months of 1953 compared to the corresponding period of 1952. A 9 percent drop in unmatured E and H redemptions, to $2,225,411,000, more than compensated for the increase in redemptions of matured E's. Reflecting the rapid wartime growth of E bond buying 10 years back, the total of E bonds matured grew from $2.8-billion at the end of September 1952 to $9-billion a year later.

The total cash value of Series E and H bonds on September 30 was $36,311,000,000, of which almost $7-billion was in E bonds over 10 years old.

This is not an Offering Circular. The offer of this Stock is made only by means of the Offering Circular, which should be read prior to any purchase of this Stock.

313,200 Shares

National Bank of Detroit

Common Stock

($10 Par Value)

Rights, evidenced by subscription warrants, to subscribe for these shares have been issued by the Bank to the holders of its Common Stock, which rights will expire at 3:00 P. M., Eastern Standard Time, on October 15, 1953, as more fully set forth in the Offering Circular. The issuance of these shares is subject to approval by the Comptroller of the Currency.

Subscription Price $45 a Share

The several underwriters may offer shares of Common Stock at prices not lower than the Subscription Price set forth above (less, in the case of sales to dealers, the concession allowed to dealers) and not higher than the highest known price at which Common Stock is then being offered in the over-the-counter market by other dealers, plus the amount of any concession allowed to dealers.

Copies of the Offering Circular are obtainable from only such of the undersigned as may legally offer this Stock in compliance with the securities laws of the respective States.

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Tested Applicants

(CONTINUED FROM PAGE 51)

these problems. Just to help us in arriving at such conclusions, we asked our operating department heads to rate their employees in three groups: better than average, average, and unsatisfactory. We used this grouping as the basis of measuring the value of some of our selection methods. We compared, for example, employees who had not been thoroughly interviewed when they were employed (due to a rush period or to other reasons) with employees thoroughly interviewed before they were hired. Results pictured in Chart 3 show clearly that a much larger percentage of those thoroughly interviewed are considered as satisfactory by their department managers.

Fewer Grievances

Using the same managers' rating, we have also found evidence to indicate that we have fewer grievance problems from the employees considered satisfactory. Chart 4 shows the percentage of employees in the satisfactory group compared with the percentage in the unsatisfactory group who had visited the personnel department at one time or another for grievance interviews. Obviously, an improvement in the grade of employees hired reduces the time that management devotes to grievance problems.

Testing and interviewing will not pick the best employees for banks. What such methods *will do* is increase the number of good employees among those that are hired. Without the use of such methods, most banks will find that, in hiring 100 persons, slightly more than 50 of them turn out well. Improved selection methods can easily change this so that only 70 persons have to be hired to obtain the 50 good employees. If you consider the cost of hiring, inducting, training, and releasing those extra 30 employees, it is easy to see what savings can be effected. Assuming that you paid each one $150 per month and that it took you six months to see whether they would be any good or not, there is a possible saving of $27,000 in salary alone!

Inasmuch as the cost of selection is very low in comparison, testing is a very economical procedure.

Do the Tests Help Selection?

Using the information given to us by the department heads as to which employees were satisfactory and which were unsatisfactory, efforts have been made to see whether the tests we have given to applicants could actually discriminate between the two categories. It was also thought that it would be interesting to show the average scores of employees who became dissatisfied and left the bank.

The last three charts in the article show this information graphically. These results are even more amazing in view of the fact that we hired only those persons who met our test standards. If we raise such standards slightly again, we will be able to improve even further the quality of the employees. It is quite apparent also in these last charts that the persons who leave us are those who score lowest on our selection tests. With definitely lower scores on tests for the persons who leave us, we can conclude that they may be leaving because they weren't sufficiently qualified. This gives us another strong reason to use the tests in our selection process.

Are These Methods Available to Most Banks?

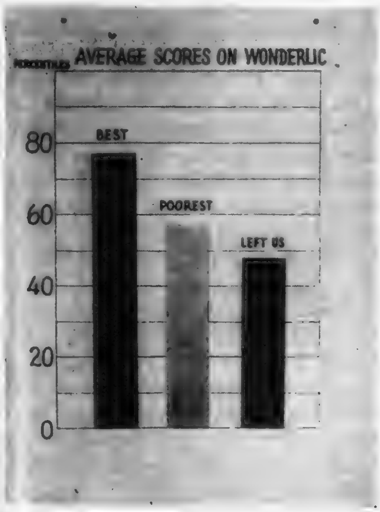
Certainly there is nothing difficult about employing both of the methods referred to in this article. Any bank of moderate size can see that its applicants are interviewed and interviewed thoroughly. Individuals in a bank can be trained to interview, and steps can be taken to insure that applicants receive multiple interviews for comparative purposes.

Neither is the problem of testing applicants difficult to overcome. Most of the tests which we employ can be administered by persons presently in banks. There are some restrictions on the use of tests, but in general a bank could obtain these tests and train a staff member to administer them.

Actually, banks and similar institutions can make a better use of tests and interviewing as screening devices than most other firms. They have a reputation as superior places to work, and, with a greater number of job applicants than vacancies, they can afford to screen rigorously for such jobs. It has also been demonstrated that if a firm installs screening devices it begins to receive a more highly qualified group of applicants.

Interested banks would do well to obtain a copy of the American Bankers Association's pamphlets entitled *Testing Applicants for Bank Clerical Positions* and *Clerical Testing in Banks.*

7.



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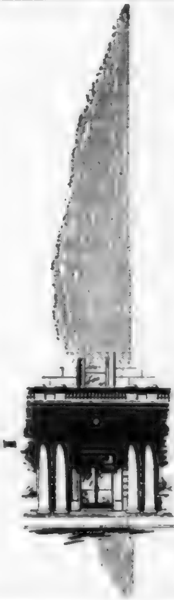

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A Policy for Today

(CONTINUED FROM PAGE 56)

stances may require. Credit evaluations depend upon adequate and correct information. "It should now be 'old hat' to instalment bankers," says Mr. Shively, "that a tighter control must be exercised over the approval of instalment credit—with emphasis on more complete information; (and on) accurate and comprehensive credit data . . ."

Emphasis on Selectivity

One of the characteristics common to all the communications is the recognition and importance of selectivity as a guide to credit policy. Mr. Brandt, however, states the case for selectivity more fully than anyone else and I shall therefore quote him rather completely. "In our own case," he says, "we are placing the accent upon quality, feeling that there are sufficient disquieting signs to cause us to place little reliance on the law of averages. We are attempting to classify our loans in four general classifications; namely, best, better, good, and marginal. It will be our endeavor to force a strict but orderly liquidation of the last named grouping. It will continue to be our intention to make all the loans possible in the other listed categories unless business should show signs of a genuine recession. . . .

"Frankly," he continues, "we are remaining fairly well unconcerned about the national picture as reported by various services in regard to the size of the consumer credit debt in the nation. It appears to us that the goodness of our loan pouch will be determined entirely by the goodness of the many individual credits contained therein. It is with this thought in mind that we are going down the quality road at this time rather than attempting to state that stricter terms and heavier downpayments constitute an answer."

There is no over-all formula or simple rule on which the bank instalment lender can blindly rely. Averages are merely summarizations of the numerous individual judgments. Trends indicate general directions of economic and business movements but within the trends there are many, diverse, and opposing elements. Though the trend of prices may be down, some individual prices are moving upward. Although the trend of business activity is down, some industries, some lines of activity, some sections of the country may be more prosperous. If the general trend of employment is down, more individuals may have less ability to repay loans. There will be some whose income and purchasing power will be greater and whose creditworthiness will be increased. It may appear to be easier for a lender to base his action on a routine interpretation of an average or a trend. But this would be an escape from responsibility. The instalment lender must act in terms of concrete, individual situations. An instalment loan is always made to a particular individual, in a particular job, in a particular company and industry, and in a particular part of the country.

I should like to end this discussion on a general note of warning, not because of anything contained in the communications but simply because it seems a good thing to do on general principles. Overestimating the difficulties and dangers which lie ahead can have consequences as unfortunate as a thoughtless disregard of them. There is some truth in the statement often made that we can talk ourselves into a depression. Fears are communicable and can become epidemic. Anticipatory defensive reactions if severe enough, restrictive enough, and sufficiently widespread may by their own actions produce the situation which makes them necessary. Thus prudence and discrimination are as necessary in applying a policy of credit restriction as they are when the tendency is in the other direction.

"We are remaining fairly well unconcerned about the national picture as reported by various services with regard to the size of the consumer credit debt. It appears to us that the goodness of our loan pouch will be determined entirely by the goodness of the many individual credits contained therein."

—E. F. Brandt

The following sentence from the letter contributed by Mr. Kelly provides a good summary as well as a good ending to the discussion. "In my judgment," he says, "the over-all situation still suggests that instalment bankers should make loans and purchase their instalment contracts *as conservatively as is consistent with their responsibility to provide a continuity of this service to consumers and dealers.*"

Main Street

(CONTINUED FROM PAGE 30)

STATE-PLANTERS BANK & TRUST COMPANY, Richmond, Virginia, installed three television sets so its employees and the public might have ringside seats for the World Series. The lobby was packed with spectators, and a careful check of the group showed it to include the bank's president, some of its directors, many friends of the bank, many friends of the staff—and quite a number of competitors.

THOMAS GRANT, JR., has joined Union National Bank, Charlotte, North Carolina, as vice-president and trust officer. He was recently tax counselor for a Washington law firm specializing in taxes and estate planning. Before this he was affiliated with the trust department of Union Trust Company, Washington. MR. GRANT had been an instructor in trusts for Washington Chapter, American Institute of Banking, and he is a graduate of The Graduate School of Banking, class of 1946.

Thomas Grant, Jr.

R. M. Anderson

ROBERT M. ANDERSON, formerly of RFC, has joined the First National Bank in St. Louis as an assistant vice-president. He has been assigned to the correspondent bank department and will represent the bank in Oklahoma, New Mexico, Arizona, and Texas.

Government Bonds

(CONTINUED FROM PAGE 53)

look was the continued weekly purchase of Treasury bills by the Open Market Committee. In every week but one from the middle of August to the end of September such purchases were made. The one exception involved the extinguishment of $123,000,000 of repurchase agreements, but as an offset $101,000,000 bills were taken directly from the market. As the actual cost to the Treasury of the weekly bill sales was steadily declining the continuance of these purchases was taken as evidence of the determination of the Federal Reserve to convince the market that any money squeeze would be avoided and that ample credit would be made available to meet all legitimate business requirements, while these shots in the arm might be increased were business to show signs of lethargy.

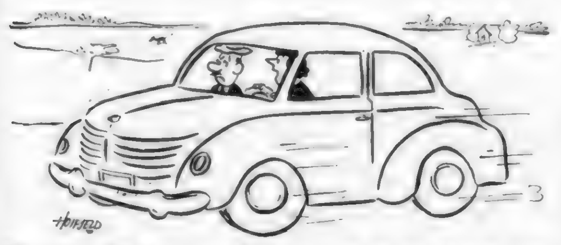
No Large Doses Necessary

Actually the changes in the money factors affecting the total of member bank reserves were not very great. From August 27 to September 30 the total of Federal Reserve credit rose only $121,000,000 as an increase in the portfolio of Government securities and a moderate rise in the float was partially offset by a decline of $195,000,000 in bank borrowings from the Federal discount window. But the gold stock declined $100,000,000 and circulation rose $166,000,000 with the result that member bank reserves declined $131,000,000 for the period.

Budget Results for September

In spite of quarterly tax payments, the Treasury reported a deficit for the month of September of about $78,000,000 as compared with a surplus of $515,000,000 for the same month last year. Total expenditures were about the same as a year ago, but net receipts were over $500,000,000 less. Income tax receipts were responsible, as they were $5,165,000,000 this year against $5,780,000,000 a year earlier.

The Secretary of the Treasury has indicated their expenses have leveled off, but last year there was a deficit of $5,400,000,000 for the final 3-month period. The balance in the General Fund of the Treasury on September 30 was about $1½-billion, and about $2½-billion of new cash financing could be done within the $275-billion debt limit. So it still seems that the question of raising the debt limit may be postponed until Congress meets again in January, but only by a narrow margin.



"Honestly! The way you keep cautioning me anyone would think the car isn't insured!"

"ABOUT two years ago, after using your service for many years, I decided that we should send different mailings to special groups of trust prospects, instead of general mailings to our entire list.

"You didn't agree with me, so—while I didn't start the new mailings that I favored—I stopped using your service for over a year.

"Result: a tremendous drop in the number of wills naming our bank executor or trustee.

"Even though we are again using your service, I am afraid it will take us many months to regain the ground we lost.

"If I ever needed proof that your methods and material deserve continuous use, this experience furnished it."

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Many banks need Sedgwick Food Lifts or Sedgwick Sidewalk Elevators.

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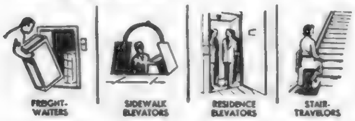

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Sedgwick MACHINE WORKS
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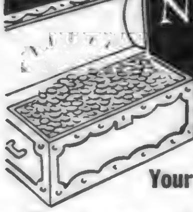

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Give a new warm glow to your good will, and gain new business, by giving Cascade Bank Imprint Napkins to your local community groups. Always in demand for luncheons, dinners, banquets, and similar functions, their influence continues the year 'round. Thousands of banks have proved their great promotional value as gifts to churches, lodges, institutions, schools, and civic organizations.

30,000 luncheon napkins, handsomely imprinted in color with your name and advertising message, only $131.00.

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Mid-Continent Trust Conference Program

(CONTINUED FROM PAGE 108)

nessmen at the 22nd Mid-Continent Trust Conference of the American Bankers Association, which will be held in the Drake Hotel, Chicago, November 5 and 6. The advance program for the conference was announced by N. Baxter Maddox, president of the A.B.A Trust Division and vice-president and trust officer, The First National Bank of Atlanta, Georgia.

The conference will be held under the auspices of the Trust Division, with the Corporate Fiduciaries Association of Chicago acting as host. Thomas H. Beacom, vice-president, The First National Bank of Chicago, is president of the host group.

Among the features of the two-day conference will be a panel discussion on tax laws affecting trusts and estates by two attorneys and two bankers; an entire session on investments; and another session devoted to a play on business psychology presented through courtesy of the Northwestern Mutual Life Insurance Company.

The tentative program for the conference follows:

First Session

Thursday, Nov. 5, 1953, 10 *A.M.*

Presiding, Merle E. Selecman, executive manager, and secretary of the Trust Division, American Bankers Association, New York.

Opening remarks by Mr. Beacom.

Address by Mr. Maddox.

Address by Everett D. Reese, president, American Bankers Association and president, The Park National Bank of Newark.

Address by Roger D. Branigin, partner, Stuart, Devol, Branigin & Ricks, Lafayette, Ind.

Second Session

2 *P.M.*

Presiding, Thoburn Mills, member, Executive Committee, Trust Division, A.B.A., and vice-president, The National City Bank, Cleveland, O.

"Costs, Fees, and Earnings" by Orville Bucher, assistant cashier and trust officer, Farmers State Bank, Valparaiso, Ind.

"Farm Economics" by Robert R. Hudelson, dean and director, College of Agriculture, University of Illinois, Urbana.

"Problems and Trends in Tax Laws Affecting Trust and Estates"—Panel, moderated by Willis D. Nance, partner, Kirkland, Fleming, Green, Martin & Ellis, Chicago. Members: William N. Haddad, partner, Bell, Boyd, Marshall & Lloyd, Chicago; Clair W. Furlong, vice-president, Continental Illinois National Bank & Trust Co., Chicago; and Paul E. Farrier, vice-president, The First National Bank of Chicago.

Third Session

Friday, Nov. 6, 1953, 9:15 *A.M.*

Presiding, Merritt H. Perkins, member, Executive Committee, Trust Division, A.B.A., and trust officer, Colorado National Bank, Denver.

"Our Present Economy as It Affects Investments" by Simeon E. Leland, dean, College of Liberal Arts, Northwestern University, Evanston.

"Common Stock or Fixed Income Securities for Trust Investments" by Corliss D. Anderson, partner, Duff, Anderson & Clark, Chicago.

"Pension Trust and Institutional Account Investments" by Theodore Yntema, vice-president, Ford Motor Company, Detroit.

Luncheon

12:45 *P.M.*

Presiding, Thomas H. Beacom, president, Corporate Fiduciaries Association of Chicago, and vice-president, The First National Bank of Chicago.

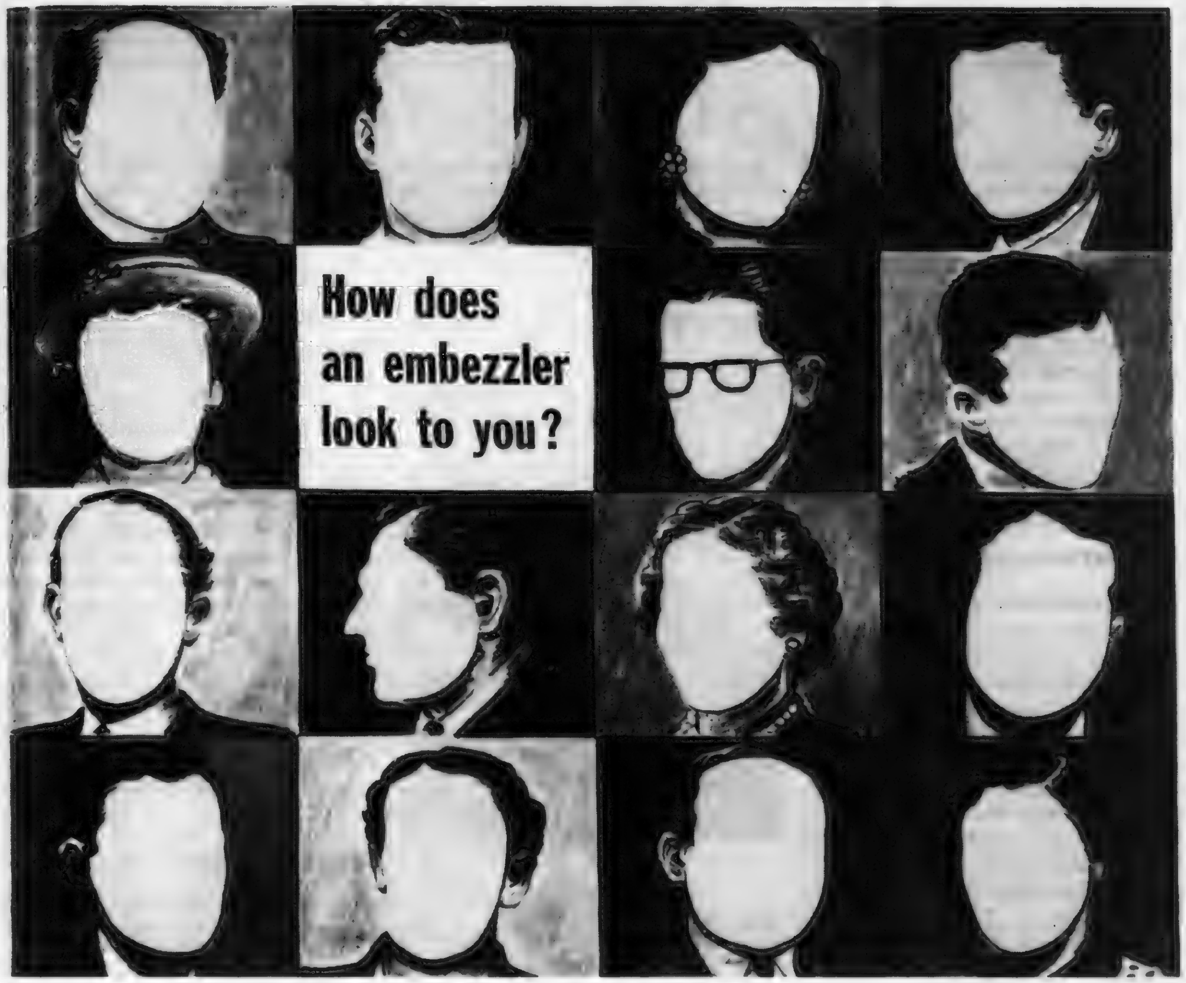
"As Others See Us" by Walter Johnson, professor of history, University of Chicago, Chicago.

Fourth Session

2:30 *P.M.*

Presiding, William S. Turner, president, Trust Division, Illinois Bankers Association and vice-president, The Northern Trust Company, Chicago.

"Stardust"—a play with a definite new business slant.



Unfortunately, an embezzler looks just like other people. He may be fat or thin, tall or short. She may be jolly and talkative, or solemn and reserved. You recognize them only by what they do — and, these days, the sky's the limit.

That's why you should make sure that your Bankers' Blanket Bond is large enough to give you the margin of safety you need. An adequate Bankers' Blanket Bond is your only *sure* protection against embezzlement as well as many other types of loss.

To help you determine the amount of coverage you need, your Indemnity Agent will be happy to give you a handy Bankers' Automatic Calculator. With it, you can easily find the amount of coverage you require, as recommended by the American Bankers Association. This convenient device also enables you to compute automatically the monthly amortization charge on a large selection of loan amounts at four different interest rates.

Ask your Indemnity Agent for your free copy of the Bankers' Automatic Calculator and talk over your BBB with him.

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PROTECT WHAT YOU HAVE©

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PIONEERS IN PROTECTION—SERVING WITH 20,000 AGENTS IN THE PUBLIC INTEREST

BUSINESS AIDS

Each month this column will list recent acquisitions, including manufacturers' literature and other special announcements of interest to our readers — though no statement should be regarded as a product endorsement.

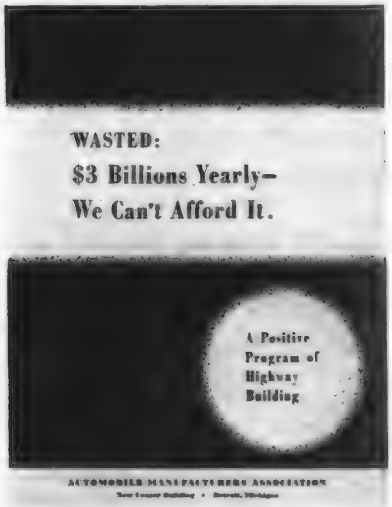
Copies of literature may be obtained by addressing requests to the company named, or to BUSINESS AIDS EDITOR, BANKING, *105 West Adams Street, Chicago 3, Illinois.*

A Financing Opportunity

THE *Harnischfeger Corporation, Milwaukee, Wisconsin,* has issued a new booklet to acquaint bankers with the company, its products, and the characteristics of the businesses of both the distributors and users of heavy construction machinery. It offers an invitation to bankers to become partners in the sale and distribution of P&H products. The booklet is titled, *Power Cranes and Shovels*—A Financing Opportunity. Write direct for your copy.

Traffic Problem

THE *Automobile Manufacturers Association* has published a statement outlining its views on a positive program of highway building presented before members of the House Public Works Committee at a hearing on the Federal-aid Road Program. You are invited to write for a free copy of the booklet titled, *Wasted: $3 Billions Yearly—We Can't Afford It."* Address the association at *New Center Building, Detroit 2, Michigan.*



Records

THE *Standard Register Company, Dayton 1, Ohio,* announces its 1954 line of fully automatic "form flow" registers. Completely redesigned, the new all-electric registers offer an exclusive feature, which automatically advances the carbon paper each time a set of forms is issued. A giant-sized brochure illustrating and describing the new line is available on request.

Advertising Budget

THE *Affiliated Advertising Agencies Network* recently published a brochure, one of a proposed series on basic advertising problems, titled *Budget Determination.* It answers the question, "Why budget determination?," and lists "at a glance" the important points that the advertising budget should cover. Basic influencing factors in budget determination are discussed in a practical manner. Different methods of determining the size of the ad budget are presented. To obtain a free copy send your request to: *Publicity Department, AAAN, P.O. Box 104, Madison 1, Wisconsin.*

Natural Gas Expansion

A DETAILED picture of the projects, companies, and communities involved in the multi-billion-dollar expansion of the nation's natural gas industry is presented in the 1953 edition of *Natural Gas Construction Data,* a 50-page brochure published by the Gas Appliance Manufacturers Association. This study was made to provide banks, insurance companies, and other financial organizations with detailed information about the spectacular expansion of this industry. Copies are offered by the Association's office, *60 East 42nd Street, New York 17, at $2 each.*

Aluminum

ALUMINUM *in Materials Handling* is a reprint booklet of six articles reporting the results of a survey covering more than 50 manufacturers and users. Single copies of this 20-page brochure are available upon company letterhead request to *The Aluminum Association, 420 Lexington Avenue, New York 17.*

THE NATIONAL CITY BANK
OF NEW YORK

Head Office • 55 WALL STREET • *New York*

68 Branches in Greater New York   57 Branches Overseas

Statement of Condition as of September 30, 1953

ASSETS

Cash, Gold and Due from Banks		$1,384,298,290
United States Government Obligations		1,566,920,094
Obligations of Other Federal Agencies		32,101,423
State and Municipal Securities		479,811,589
Other Securities		87,483,240
Loans and Discounts		2,269,441,871
Real Estate Loans and Securities		310,876
Customers' Liability for Acceptances		24,255,228
Stock in Federal Reserve Bank		9,600,000
Ownership of International Banking Corporation		7,000,000
Bank Premises		32,292,682
Other Assets		4,304,326
Total		$5,897,819,619

LIABILITIES

Deposits		$5,388,818,951
Liability on Acceptances and Bills	$45,393,908	
Less: Own Acceptances in Portfolio	19,622,500	25,771,408
Due to Foreign Central Banks (*In Foreign Currencies*)		14,091,700
Items in Transit with Branches		6,991,902
Reserves for:		
Unearned Discount and Other Unearned Income		23,115,099
Interest, Taxes, Other Accrued Expenses, etc.		44,121,736
Dividend		3,450,000
Capital (*7,500,000 Shares—$20 Par*)	$150,000,000	
Surplus	170,000,000	
Undivided Profits	71,458,823	391,458,823
Total		$5,897,819,619

Figures of Overseas Branches are as of September 25.

$587,664,242 of United States Government Obligations and $14,853,500 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

(*Member Federal Deposit Insurance Corporation*)

Affiliate of The National City Bank of New York for separate administration of trust functions

CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds $31,642,343

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FREDERICK B. RENTSCHLER
Chairman, United Aircraft Corporation

REGINALD B. TAYLOR
Williamsville, New York

ROBERT WINTHROP
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SOLID LINK

When it comes to foreign trade with the Philippines—or other places—Anglo Bank's Foreign Department is set to give you expert service, reliable, up-to-date information, and sound advice, in every matter where a bank can help you. Anglo, in fact, has the reputation of being a foreign trader's bank. Our connections abroad are long-established, capable, and ready to give service whenever you need it. Our customers at home include thousands of individuals and firms whose foreign trade financing we have handled to their complete satisfaction. We'd like to serve you, too.

ASSETS OVER THREE QUARTERS OF A BILLION DOLLARS

HEAD OFFICE: 1 SANSOME STREET, SAN FRANCISCO

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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BANKING'S ADVERTISERS

NOVEMBER 1953

On our payroll,

but he works for you . . .

Your man at the IRVING

Here's your man . . . and the district he serves:

NORTHEAST:	WILLIAM F. DOYLE, *Vice President* C. ALBERT ROLLENHAGEN, *Asst. Vice President* DAVID K. DARCY, *Asst. Secretary*
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He's like a member of your own staff. He knows your point of view, studies your special needs. At his command are world-wide resources and services to build additional income and good will for you. Feel free to call him any time—whether your problem be a small one or a project of major importance.

IRVING TRUST COMPANY

ONE WALL STREET • NEW YORK 15, N.Y.

Capital Funds over $123,000,000
Total Resources over $1,200,000,000

WILLIAM N. ENSTROM, *Chairman of the Board*
RICHARD H. WEST, *President*
Domestic Banking Division
NOLAN HARRIGAN, *Senior Vice President in charge*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The OUTLOOK
and Condition of Business

(CONTINUED FROM PAGE 33)

We can balance the budget and we can't. You can take your choice and prove anything by quoting those who know.

Whether it's thermo-nuclear fusion or confusion, those in charge of delivering accurate information to the public must often feel as though they are running a football team of nearsighted players who keep tackling each other.

Much of the talk about the need for public understanding of economic and political issues ends in midair where it started. Stating the need is often confused with stating the solution. The subject is boldly set forth and then dropped because all that remains is for somebody to do something and not just stand there!

The financial and business community seem almost equally divided between those who expect the worst and those who expect the best. What should not be forgotten is that the present cannot be judged by the experiences of the past 20 years.

Two decades of Government regimentation, spending, and direction cannot be ignored. Those accustomed to controlled markets and interest rates have found it difficult to attune themselves to a different philosophy.

Actually the turn of the tide in our move toward socialism was barely two years ago, when a Federal Court told the President that he could not seize the steel mills.

The new policy is not to interfere with the normal functioning of supply and demand for either money or goods and to create conditions under which prices will find their natural level. At the same time everything will be done to foster the normal growth of the American economy based on a steady rise in population and improvement of technologies.

The shift from a controlled economy to one more nearly free, is bringing about adjustments. The Federal Reserve System is no longer committed to support Government bond prices and artificially low interest rates. It still furnishes funds to the banking system by the purchase of bills and hopes the market understands the central bank's aim is to maintain healthy credit conditions.

The battle for a sound dollar is one that concerns everyone. It would not be a battle if everyone understood that the dollar being safeguarded was the one in his pocket.

In an effort to inform the public on the basic issues of this historic contest, Everett Reese, president of the American Bankers Association has just sent to all presidents of member banks a letter reproduced elsewhere in this issue, accompanied by material on bank services to the Government. This is but one part of a larger program of public information through various media to all segments of the population, particularly the 100,000,000 bank customers.

Great decisions affecting business are near at hand. Can we balance the budget and still defend ourselves adequately? Can we balance the budget and continue foreign aid on the present scale? Can we balance the budget and still give business a tax break? Can we negotiate with Russia with any hope of success?

Barring any change for the worse in the world picture, defense expenditures will continue between \$40- and \$50-billion annually for years. Many who should know, say this is not enough. Others equally entitled to an opinion say that we can get more defense for less money by intelligent handling of expenditures. Among experts the disagreement on the financial aspect of this question is as wide and complete as it is on the military aspects.

Foreign aid policies are even more controversial because they are more political. The chief arguments against continuing our present large foreign outlays are (1) that our \$50-billion public relations program abroad since the war has not won friends, and (2) we are too concerned about what they think of us and not enough as to what we think of them. Our foreign aid program has certainly been a big factor in Europe's recovery, but we should not confuse business and love.

Along with the give-away program, our private investments abroad have been rising. According to late figures of the Commerce Department, the total now is about \$15-billion, of which \$3.6-billion are in Canada and \$1-billion in Venezuela. Other large recipients of American capital are Britain, Brazil, Cuba, Chile, and Mexico.

At the 40th annual convention of the Swiss Bankers Association recently, the president, Dr. De Loes, proposed a ban on wartime seizures of enemy property in order to encourage foreign investments. He said:

"To a large extent, by adoption of a reasonable policy toward foreign investors, these countries could themselves create an incentive for increased investment of foreign capital.

"So long as danger exists that in time of war private investments will be expropriated, every individual investor will be obliged to take this risk into account and will, accordingly, restrict his investments in other countries."

Peace through negotiating is a hope that will not die because we earnestly want peace. It is incredible to the average American that Communism does not want either war or peace but prefers to keep things just this way, near the boiling point.

The reason is that peace would mean open frontiers and that would be the end of Communism. They know as well as we do that in war today everyone loses, but negotiations are something else. They are an opportunity to keep the free world fighting each other.

WILLIAM R. KUHNS

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